

# Memorandum



**Date:** May 22, 2007

**To:** Honorable Chairman Bruno A. Barreiro  
and Members, Board of County Commissioners

Supplement to  
Agenda Item No. 2(B)1

**From:** George M. Burgess  
County Manager

A handwritten signature in black ink, appearing to read "G. Burgess", written over the printed name of George M. Burgess.

**Subject:** Report of Proposed U.S. Department of Housing and Urban Development Take-Over  
of Miami-Dade Housing Agency Negotiations and Meetings

This report serves to provide the Board of County Commissioners (BCC) with a chronology and overview of the meetings and discussions that have taken place over the last several months with the U.S. Department of Housing and Urban Development (HUD) regarding the governance of the Miami-Dade Housing Agency (MDHA):

- On February 15, 2007, the first of five meetings were held at HUD Washington, D.C. headquarters with Secretary Alphonso Jackson and HUD staff. Miami-Dade County representation included the Mayor, Commissioner Edmondson, the County Manager and other County staff. During the meeting, the Secretary indicated that increased oversight was needed at MDHA and discussed aspects of a Cooperative Endeavor Agreement (CEA), particularly the role of a recovery administrator who would serve as a single-member board with oversight over all aspects (legislative and administrative) of MDHA. The Mayor shared with the Secretary all the improvements and on-going efforts in MDHA by the new management team. The County also requested a copy of the Deloitte report as well as back-up documentation to support the report.
- The second meeting with HUD occurred during the Washington Fly-in (held from February 27 through March 1, 2007) with the Mayor, the Chairman, the County Manager and other County officials. HUD officials present were HUD Deputy Secretary Roy Bernardi, and other HUD staff. The discussion revolved on achieving an amicable agreement between HUD and the County.
- The County received a draft CEA from HUD on March 5, 2007, which was discussed at the March 6 and 8, 2007 BCC meetings (Attachment A).
- At the March 6, 2007 BCC meeting, Commissioner Edmondson's Resolution (R-305-07) urging HUD to leave control of Miami-Dade County's housing programs with the County was approved (Attachment B).
- At the March 20, 2007 BCC meeting, the Board was updated by staff regarding the CEA letter and the County's response which was sent to HUD the same day. The response encouraged the alternative of a Memorandum of Understanding (MOU), and provided MDHA's Improvement Plan. At that same Board meeting, direction was given by the Board to challenge any takeover (Attachment C).
- On March 26, 2007, HUD responded with correspondence asking the County to only mark-up the CEA. To meet HUD's deadline of April 4, 2007, the County responded on April 2, 2007 with a revised CEA (Attachment D).
- On April 19, 2007, a meeting was held at HUD Washington headquarters to continue discussions. The County was represented by the Chairman, the County Attorney, the County Manager and other County legal counsel and staff. HUD was represented by Deputy Secretary Roy Bernadi, Acting General Counsel Robert Couch, Assistant Secretary Orlando Cabrera and other HUD staff. The outcome of the meeting was HUD's position that there were five non-negotiable terms, those being:


1) the Recovery Administrator's role; 2) the issue of governance with the separation of the Board from oversight of MDHA; 3) an independent General Counsel; 4) an independent auditor; and 5) a recovery plan with specific milestones. HUD referred to the arrangement as a receivership, which is not the direction set by the Board.

- Following the last meeting in Washington, DC, correspondence was sent on April 20, 2007 to Deputy Secretary Bernardi restating the County's position with respect to oversight of MDHA. In addition, the Chairman and Mayor signed a joint letter to the HUD Secretary expressing their disappointment regarding the outcome of the April 19, 2007 meeting (Attachment E and F).
- A follow-up request was made to HUD for a meeting with Secretary Jackson. An e-mail from Assistant Secretary Cabrera stated that no meeting with the Secretary would be allowed until the CEA was signed.
- At the April 24, 2007 BCC meeting, the Board was briefed on the April 19, 2007 meeting in Washington, D.C. The Board was resolute in its position regarding HUD's attempts to take over MDHA. On this same date, the County received the breach of the Annual Contributions Contract (ACC) letters which gave a response date of May 9, 2007 to cure stated violations (Attachment G).
- At the April 30, 2007 Special Meeting of the BCC, a second directive was issued by the Board to be more flexible in negotiations with HUD. At that meeting, the Board suggested that we request another meeting with HUD Secretary Jackson to continue negotiations.
- On May 3, 2007, the Mayor, Commissioner Edmondson, and the County Manager met with HUD Secretary Jackson, Assistant Secretary Cabrera, and other HUD and County staff to discuss the governance issue, day-to-day operations, and personnel related matters. The central focus of the meeting revolved around the authority issue as split between the BCC and the Mayor, and the County and HUD agreed to meet again.
- On May 4, 2007, Mr. Flynn, HUD attorney, extended the breach letter deadline to May 16, 2007 (Attachment H).
- On May 9, 2007, Senior Advisor Cynthia W. Curry, MDHA Director Kris Warren, Assistant County Attorney Cynthia Johnson-Stacks and Assistant County Attorney Terrence Smith met with General Deputy General Counsel Michael Flynn and John Herold in Washington, D.C. The discussions were amicable, but the central issue continued to be the recovery administrator's role with respect to personnel and policy issues. The discussion also included a four-person oversight board that would report to the recovery administrator, with the Mayor and County Manager reporting to the oversight board. HUD insisted in giving the recovery administrator veto authority over all oversight decisions (Attachment I).
- On May 10, 2007, the BCC was given an update on the May 9, 2007 meeting with HUD. At the BCC meeting, the County Attorney requested direction from Board Members with regard to legal action. The Board gave flexibility to the County Attorney to file to protect the County's rights if negotiations were of concern.
- On May 11, 2007, HUD notified Senior Advisor Curry that closure was needed on the issue of authority by close of business that same day. Senior Advisor Curry responded with an e-mail stating the necessity of continuing on-going discussions (Attachment J).

- On May 14, 2007, the County Attorney's Office received a letter dated May 11, 2007 from Mr. Flynn stating there would be no further extensions to the default response deadline. The County also received a letter from Acting General Counsel Couch on May 14, 2007 stating that we had not responded to HUD on the date specified, and that the County was not acting in good faith and halted negotiations with HUD. The letter also included a new CEA and a recovery plan (Attachment K and L).
- As the result of the County's filing a complaint for Mandamus and Injunctive Relief against HUD in the Southern District of Florida before the close of business on May 15, 2007 and subsequent pleadings and motions on May 16, 2007, the County and HUD have stipulated in court that HUD will review the County's response to HUD's default letters and HUD will provide the County with its response. Following receipt of HUD's response, the County will have a minimum of ten business days to proceed with litigation, if needed, with the understanding that in no event will HUD try to take any action before June 7, 2007. The court action remains pending and the County may continue to prosecute the litigation in the future, if necessary
- The County filed a comprehensive response to the default letters to HUD on May 15, 2007, prior to HUD's May 16, 2007 deadline (Attachment M).
- On May 16, 2007, a thorough discussion on the latest communication exchanges took place at the Economic Development and Human Services Committee meeting.
- On May 16, 2007, a letter signed by the Mayor and Chairman was sent to Acting General Counsel Robert Couch in response to his letter from May 14, 2007 (Attachment N).

The County is open to continuing negotiations and is hopeful for a positive outcome.

Attachments

  
Cynthia W. Curry  
Senior Advisor to the County Manager



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT  
WASHINGTON, DC 20410-0500

OFFICE OF GENERAL COUNSEL

March 5, 2007

Via E-Mail and Overnight Delivery

Miami-Dade County Mayor Carlos Alvarez  
Office of the Mayor  
Stephen P. Clark Center  
29th Floor  
111 N.W. 1<sup>st</sup> Street  
Miami, Florida 33128

Bruno A. Barreiro  
Chairman  
Miami-Dade County Board of County Commissioners  
Stephen P. Clark Center  
Suite 220  
111 N.W. 1<sup>st</sup> Street  
Miami, FL 33128

Dear Mayor Alvarez and Chairman Barreiro:

Enclosed please find a discussion draft Cooperative Endeavor Agreement ("CEA") between the United States Department of Urban Development ("HUD") and Miami-Dade County. HUD requests that within 30 days of the date of this letter, the Miami-Dade County Board of Commissioners respond to HUD in detail with all comments the County Board of Commissioners has concerning this draft CEA.

I have communicated with Orlando Cabrera, HUD Assistant Secretary for Public and Indian Housing, and HUD's request for a prompt response from the County Board of Commissioners reflects our desire that this matter be resolved promptly and appropriately.

Please refer the County Board of Commissioners' comments to me. I am out of the country the next two weeks on business. If you have any questions during that time, please refer any comments to Michael Flynn, HUD's General Deputy General Counsel.

Very truly yours,

A handwritten signature in black ink, appearing to read "Robert M. Couch", is positioned above the printed name.

Robert M. Couch  
Acting General Counsel

cc: Assistant Secretary Cabrera



## **COOPERATIVE ENDEAVOR AGREEMENT**

This Cooperative Endeavor Agreement (CEA) is entered into this \_\_\_\_\_ day of \_\_\_\_\_ 2007, by and between Miami-Dade County (County) and the United States Department of Housing and Urban Development (HUD). The signatories to this agreement are the Honorable Carlos Alvarez (Mayor), the Honorable Bruno Barreiro (Chairman of Miami-Dade Board of County Commissioners), and the Honorable Alphonso Jackson, Secretary of HUD (Secretary).

### **RECITALS**

**WHEREAS**, HUD has determined that the Miami-Dade Housing Authority (MDHA) has been mismanaged, as is evidenced by poorly defined and executed business practices and operational inefficiencies related to financial management. MDHA has failed to account for the sources, uses and balances of individual program funds. Moreover, MDHA has failed to adhere to its budget, and instead has incurred obligations substantially in excess of available funds. This has caused delays in MDHA's payment of financial obligations, and ultimately necessitated substantial infusion of County funds;

**WHEREAS**, this mismanagement is further evidenced by processes and procedures that have negatively impacted MDHA's implementation of its federal grant funding, resulting in substantial delays in completing the Ward Towers and Scott Carver projects. Specifically, the Ward Towers project permanent closing is in jeopardy and the Scott Carver project is unacceptably delayed with no current development contract in place to complete the project;

**WHEREAS**, HUD has also determined that the MDHA has mismanaged its Housing Choice Voucher program (HCV), as evidenced by poorly defined and executed business practices and operational inefficiencies related to financial management. The HCV program, for both administrative fees and housing assistance payments, was operated at a significant deficit through 2005. In 2006, due to underutilization of vouchers, MDHA had a large Housing Assistance Payment (HAP) surplus. This surplus was erroneously used to offset the large deficits from prior years, which is disallowed;

**WHEREAS**, the County and HUD both recognize and acknowledge that the problems at MDHA have developed over many years, are deep rooted, and that extraordinary levels of expertise and resources are now required to improve the quality of life of the residents of MDHA facilities;

**NOW, THEREFORE**, the County and HUD, in consideration for their mutual promises, agree to the following:

## **A. COOPERATIVE ENDEAVOR REPRESENTATIVES' SCOPE AND AUTHORITY TO ACT**

1. The County and HUD shall take all necessary actions to facilitate achievement of the objectives of this Agreement.
2. The County and HUD acknowledge that MDHA is in substantial breach of its Annual Contributions Contract (ACC), and that such breach constitutes a substantial default within the meaning of 24 C.F.R. § 902.79.
3. HUD and the County acknowledge that HUD has authority, pursuant to 24 C.F.R. § 902.83 to require MDHA to make other arrangements for the management of public housing. The parties further acknowledge that HUD has authority pursuant to 24 C.F.R. § 902.83 and the ACC to assume possession of and operational responsibility for public housing.
4. The County shall, upon execution of the CEA by all parties, immediately transfer possession and control of all MDHA's assets, projects and programs to HUD. The County Commissioners shall also relinquish all control over the MDHA. The Secretary appoints Donald J. LaVoy or his/her designee, to fulfill duties as the Board of MDHA, with the title of Recovery Administrator.
5. The County Executive and the Board of County Commissioners at their option may appoint an Advisory Board. The purpose of the Advisory Board is to provide input to the Recovery Administrator and not to engage in the day-to-day management of MDHA.
6. HUD retains all rights granted under applicable statutes, regulations and the ACC and will conduct audits, reviews, or assessments as appropriate or required by statute or program regulations.
7. This CEA shall be signed by the County and returned within 10 days of receipt.
8. The parties to the Agreement shall meet or consult on an as needed basis.

## **B. SPECIFIC ACTIONS**

In order to implement this Agreement, HUD, with the assistance of the County, will work with MDHA staff, as appropriate, to undertake and complete the following priorities:

1. Within 60 days of the execution of this document, the County will develop a separation plan that outlines actions necessary to separate the MDHA from the County and establish it as an independent entity, including the transfer of title to all MDHA properties, transfer of all other assets of MDHA, the transfer of the pension fund(s) applicable to MDHA employees and the promulgation of County code changes necessary for the creation of an independent MDHA. Upon written HUD approval of the separation plan, the County must implement the plan within 180 days.

2. Within 60 days of the execution of this document, the County shall either impanel an independent body of responsible local citizens or within its own resources compose a group to make recommendations for the creation of a Charter for the MDHA, and persons who would serve on its Board of Governors. Utilizing either of the above approaches, and within 180 days of initiation, the task is to create recommendations for a Board Charter that will address the organization, operations, composition, term limits, rules, and all other issues relating to the operation of the MDHA and the formation and functions of the MDHA Board of Governors. The Charter shall include provision for a General Counsel, whose sole client is the MDHA, and who may not be an employee of the County. The MDHA Board of Governors, when HUD relinquishes possession of MDHA, will be charged with the oversight and governance of the MDHA. This Board of Governors will be an independent group that will control all funding for the MDHA. There may be no County control of the Board or MDHA's operations. This Charter and the recommended Board of Governors will be subject to HUD prior written approval.

3. Within 60 days of the execution of this document, MDHA staff shall create a document to be called the MDHA Recovery Plan. This Plan will address the identification, implementation steps, and schedule to address immediate, short-term, and long-term action items necessary to improve financial management, independent audits, property management, development, maintenance, modernization, general management processes, occupancy, resident services, and Section 8 management. The MDHA Recovery Plan is subject to HUD prior written approval. The Plan will include a provision for obtaining the recommendations of the accounting firm discussed in paragraph 5 below, and address the matters discussed in paragraphs 6-8 below.

4. Once HUD has determined the correct amount of impacted funds, the County shall develop and implement a repayment plan, acceptable to HUD, that reimburses MDHA for all HUD funds that were improperly transferred from MDHA to the County.

5. The County shall provide funds for the services of a major accounting firm, approved by HUD, to provide recommendations for the overhaul of the financial management practices of the MDHA. The selected accounting firm will provide assistance regarding the financial management and operations (tracking, reporting, budgeting, timely accomplishment and overall effectiveness of strategies and initiatives) of the MDHA and guidance in financial management systems, PHAS financial indicators, annual audit, financial planning, generally accepted accounting principles, financial policies, and internal controls.

6. MDHA staff shall develop a plan to enhance the general management over the operations of the MDHA (Public Housing and Section 8) and all of its subsidiaries or joint venture partnerships.

7. MDHA staff shall update existing management guidelines, policies and plans, personnel management systems, information technology systems, and procurement

systems, methods, and procedures to effect procedures appropriate to carry out policies and programs consistent with current HUD regulations and sound management practices.

8. MDHA staff shall retain, train, or if necessary, recruit, permanent, competent, responsible staff, including but not limited to, the executive management staff, legal staff, technical support staff, maintenance staff, clerical staff, and any other personnel, necessary to operate the MDHA.

9. MDHA staff shall carry out items contained in the MDHA Recovery Plan; prepare and submit all reports required by the Department of Housing and Urban Development (HUD); prepare and submit applications for funding to HUD and other available sources.

10. MDHA staff shall develop a comprehensive Development Plan that will address finances, plans, schedules, and implementation strategies for the completion of development activities for which HUD grant monies have been awarded.

11. MDHA staff shall develop a comprehensive plan to address resident services.

12. The County shall reimburse HUD for the recent audit services performed by Deloitte and Touche LLP on MDHA.

#### **C. MODIFICATION OF AGREEMENT**

This Agreement may be modified by written agreement of the County and HUD.

#### **D. INTEGRATION CLAUSE**

This Agreement shall express the entire agreement of the parties hereto, written or oral with respect to the subject matter hereof. If there is any conflict between this Agreement and a provision of any other existing agreement, the provisions of this Agreement shall prevail.

#### **E. TERM OF AGREEMENT**

This Agreement shall terminate at such time that the Secretary determines that the MDHA has built sufficient capacity to be self-supportive.

#### **F. SEVERABILITY**

If any part of this Agreement is found to be contrary to law, that part may be severed from the Agreement and the remainder of the Agreement shall remain in full force and effect. The remaining Agreement shall be construed as far as is lawful and practicable to enforce the overall intent of the original Agreement.

## G. DEFAULT

If, in its sole discretion, HUD determines that any of the terms of this agreement have been violated, the agreement will be deemed null and void and HUD may exercise any and all such rights and remedies as available under federal law.

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Alphonso Jackson  
Secretary, Department of Housing and Urban Development

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Date

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Carlos Alvarez  
Mayor, Miami-Dade County

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Date

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Bruno Barreiro  
Chairman, Miami-Dade Board of County Commissioners

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Date

Approved [Signature] Mayor  
 Veto \_\_\_\_\_  
 Override \_\_\_\_\_

Agenda Item No. 11(A)(45)  
 3-6-07

**OFFICIAL FILE COPY  
 CLERK OF THE BOARD  
 OF COUNTY COMMISSIONERS  
 MIAMI-DADE COUNTY, FLORIDA**

RESOLUTION NO. R-305-07

RESOLUTION URGING THE U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT ("HUD") TO LEAVE CONTROL OF MIAMI-DADE COUNTY'S FEDERALLY ASSISTED HOUSING PROGRAMS WITH MIAMI-DADE COUNTY; AND FURTHER URGING HUD NOT TO PLACE OR SEEK THE PLACEMENT OF MIAMI-DADE HOUSING AGENCY IN RECEIVERSHIP OR REQUIRE THE EXECUTION OF A COOPERATIVE ENDEAVOR AGREEMENT

**WHEREAS**, the Miami-Dade Housing Agency ("MDHA") has been the focus of a series of investigations, which have raised serious concerns regarding that department's operations and management of the housing programs in Miami-Dade County; and

**WHEREAS**, the County conducted an independent investigation through this Board's Affordable Housing Ad Hoc Committee and the Office of the County Manager's MDHA Management Assistance Team; and

**WHEREAS**, as a result of these investigations by the County numerous measures have been taken to address and correct the deficiencies in the department which are still on-going; and

**WHEREAS**, some of these measures include the appointment of a new director and management team to operate the department; the restructuring of the departments archaic database system; the development of a system to expedite the processing of applicants on MDHA's two waiting lists; and the approval and allocation of additional non-federal funds to expedite the repair and maintenance of public housing units in order to reduce the vacancy rates; and

**WHEREAS**, on January 29, 2007, the U.S. Department of Housing and Urban Development ("HUD") released its first audit detailing its findings with respect to the financial management, accounting and record keeping by MDHA; and

**WHEREAS**, this audit expressed concerns about MDHA's performance in these areas; and

**WHEREAS**, following this audit HUD officials have suggested to the County the possibility of a federal HUD Receivership or Cooperative Endeavor Agreement, which effectively wrests control of the County's federally assisted housing programs and places it with HUD; and

**WHEREAS**, any takeover by the federal government would not be in the best interest of Miami-Dade County or the residents living in federally assisted housing; and

**WHEREAS**, the County has demonstrated its commitment and ability to address and correct the financial and operational deficiencies mentioned by HUD's audit and the County's independent investigations by taking the actions detailed above; and

**WHEREAS**, the County remains committed to correcting these deficiencies through all available means, including working in concert with HUD, the residents of its federally assisted programs and their advocates to provide decent, safe and affordable housing to the residents of Miami-Dade County in a fiscally sound manner,

**NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COUNTY COMMISSIONERS OF MIAMI-DADE COUNTY, FLORIDA**, that this Board:

**Section 1.** Strongly urges the U.S. Housing and Urban Development to leave control of Miami-Dade County's federally assisted housing programs with Miami-Dade County; and further urges HUD not to place or seek the placement of MDHA in Receivership or require the execution of a Cooperative Endeavor Agreement.

**Section 2.** Directs the Clerk of the Board to transmit a certified copy of this resolution to the members of the Miami-Dade County Congressional Delegation and to the Secretary of the U.S. Department of Housing and Urban Development.

**Section 3.** Directs the County's federal lobbyists to advocate for the Board's directive set forth in Section 1 above, and directs the Office of Intergovernmental Affairs to include this item in the 2007 Federal Legislative Package.

The foregoing resolution was sponsored by Commissioner Audrey M. Edmonson and offered by Commissioner **Audrey M. Edmonson**, who moved its adoption. The motion was seconded by Commissioner **Sally A. Heyman** and upon being put to a vote, the vote was as follows:

Bruno A. Barreiro, Chairman	aye
Barbara J. Jordan, Vice-Chairwoman	aye
Jose "Pepe" Diaz	absent
Carlos A. Gimenez	aye
Joe A. Martinez	absent
Dorrian D. Rolle	aye
Katy Sorenson	aye
Sen. Javier D. Souto	nay
Audrey M. Edmonson	aye
Sally A. Heyman	aye
Dennis C. Moss	aye
Natacha Seijas	aye
Rebeca Sosa	aye

The Chairperson thereupon declared the resolution duly passed and adopted this 6<sup>th</sup> day of March, 2007. This resolution shall become effective ten (10) days after the date of its adoption unless vetoed by the Mayor, and if vetoed, shall become effective only upon an override by this Board.



MIAMI-DADE COUNTY, FLORIDA  
BY ITS BOARD OF  
COUNTY COMMISSIONERS

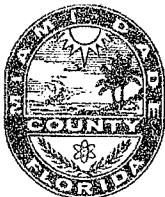
HARVEY RUVIN, CLERK

By: **KAY SULLIVAN**  
Deputy Clerk

Approved by County Attorney as  
to form and legal sufficiency.

Terrence A. Smith





## MIAMI-DADE COUNTY, FLORIDA

March 20, 2007

Mr. Robert M. Couch  
Acting General Counsel  
US Department of Housing and Urban Development  
451 7 Street, SW, Room 10110  
Washington, DC 20410-0500

Dear Mr. Couch:

Please consider this our response to your March 6, 2007 letter. At the outset, please understand that we would like to continue working with you in a constructive and cooperative manner. Accordingly, here are our preliminary comments.

Requiring the County to execute a Cooperative Endeavor Agreement ("CEA") is not appropriate and is certainly premature. Historically, the U.S. Department of Housing and Urban Development ("HUD") has required public housing authorities ("PHA") to execute a CEA where there is evidence of either physical deterioration in their public housing units or a series of continued violations of the Fair Housing Act. Generally, administrative or financial problems of the sort described in the Deloitte & Touche audit report on MDHA do not constitute an independent basis for requiring a CEA and/or receivership. Moreover, in the few cases where administrative problems have been identified by HUD, HUD has typically placed only a particular program in receivership, and then only after a period of increased HUD technical assistance.

Unlike the PHAs which are currently under judicial or administrative receivership or have executed a CEA, the County is more than capable of, and committed to, addressing and resolving the deficiencies in Miami-Dade Housing Agency ("MDHA"), including but not limited to, providing the necessary resources, financial and otherwise, and working in a cooperative effort with HUD, the residents we serve and their advocates. To this end, for more than nine months the County has taken positive steps to address and resolve MDHA's deficiencies.

The first step taken by the County Manager was the appointment of the MDHA Management Assistance Team ("MAT") to assess the concerns raised about MDHA. Second, after the initial MAT report was delivered on July 18, 2006, the County quickly responded by terminating six top management officials while continuing to evaluate management and oversight issues. The MAT released its second report on September 15, 2006, which outlined additional concerns, identified areas of improvement, made recommendations for policy changes, and put forth further administrative and managerial changes. During that time, the MAT requested technical assistance from HUD, procured the services of a nationally recognized PHA consulting firm, Quadel, and initiated the recruitment of senior management positions in MDHA. Additionally, as issues of concern warranted a higher degree of scrutiny, the County turned them over to the Office of the State Attorney, the County's Office of Inspector General, the Miami-Dade Public Corruption Unit, and the County's Department of Audit and Management Services, as appropriate. This has resulted in recent arrests as well as the return of County dollars and County land.

The County's efforts did not stop here. The County Manager appointed a new director who has hired a new management team with extensive knowledge of federal housing programs to operate the department. The new management team is restructuring MDHA's database system, developing expedited processing of applicants on MDHA's waiting lists, and is utilizing non-federal funds allocated by the Board of County Commissioners to expedite the repair and maintenance of public housing units in order to reduce the vacancy rates.

In an effort to continue the overhaul of MDHA, staff has taken further steps to ensure concrete and effective changes are made, including the recent removal of top management staff in the Private Rental Division, which administers the Section 8 Housing Choice Voucher Program. In addition, MDHA has brought in Quadel as consultants to assist in the operations of the Section 8 program without interrupting the services provided to Section 8 recipients. Additionally, Casterline and Associates, a well-established and highly recognized CPA firm that specializes in the accounting practices of PHAs, will be working with MDHA to assist with other accounting functions and to recommend further changes to our accounting structure, internal controls, policies and procedures, budgetary practices and to suggest any improvement in process flow. The County has also taken initial steps to bring in a new audit firm to conduct our 2007 external audit.

While we recognize that much more is required to bring MDHA to a level that is acceptable to the County officials and administration, HUD and the public, we cannot move forward without the full cooperation of HUD. In this spirit of cooperative teamwork, the County is prepared to discuss with HUD the possibilities of executing a Memorandum of Understanding ("MOU"). We believe that an MOU will allow HUD to have the involvement it seeks to ensure that the County, acting through MDHA, continues to address the issues which led to the problems we mutually face today. An MOU rather than a CEA provides a true "cooperative" arrangement and yet holds the County to time certain requirements for deliverables.

We further recognize that the County must address the future of MDHA. Consequently, we have prepared the enclosed draft Improvement Plan ("Plan") for your review. This Plan addresses many of the concerns raised by HUD, the MAT and the Board of County Commissioners. We look forward to your review and comments as we would like to publicly release the Plan for public comment.

While there are significant undeniable issues which need to be addressed, we have made substantial strides towards addressing and correcting those issues. The County has committed its full cadre of resources - technical, financial, and human - to correcting the problems and making its housing a model for the nation. As part of this effort, the Board of County Commissioners has approved the allocation of County funds to subsidize federal reductions and further support the community's housing needs. We only ask that we be allowed to move forward towards that end.

We look forward to discussing the option of an MOU and the on-going day-to-day issues with you at your earliest possible date.

Attachment



Honorable Carlos Alvarez  
Mayor



Honorable Chairman Bruno A. Barreiro  
Board of County Commissioners

c: Honorable Vice-Chair Barbara J. Jordan  
and Members, Board of County Commissioners  
George M. Burgess, County Manager  
Murray Greenberg, County Attorney  
Members, State and Federal Delegation

MDHA - WORK PLAN														
Task	Task Description	Methods	Work Products	AA	AM/CB	DPE	GB	GR	Meeting & Participants	Planned Start	Planned End	Actual Start	Actual End	Status
1.00	TASK 1 - OVERVIEW													
1.10	TASK 1.1 - Policies and Procedures													
1.11	Review policies and procedures in place for PH, S8, ALC				AM/CB	DPE				01/03/2007		01/03/2007		Policies are currently under review. ACOPI/S8 AP being revised for consideration of BCC
1.12	Develop and Amend Staffing and Organizational Chart													
1.13	Review organizational chart to align with Asset Mgmt.													
1.14	Develop training requirements and schedules for all staff													
1.15	TASK 1.2 - MIS													
1.16	Upgrade of ECS									Jan-07		Jan-07		
1.17	Upgrade Section 8									Jan-07		Jan-07	Aug-07	
1.18	Public Housing Start													
1.19	Public Housing Finance													
1.30	TASK 1.3 - Reports													
1.31	Set-up monthly reporting for 3 sectors				CB							1/29/07	ongoing	Meetings are ongoing and are scheduled
1.32	Monthly Public Housing Reports				CB									We are looking at all three housing programs areas and considering recommendations. We have begun to streamline the ALC process.
1.33	Monthly Section 8 Reports													Private Rental has alerted the families and continues to make corrections.
1.34	Monthly SEMAP													
1.35	Monthly PHAS													
1.40	TASK 1.4 - Helen Sawyer													
1.41	Rent calculation Review				CB							2/28/01		Management has been placed on notice to make corrections. Corrections have begun.
1.60	TASK 1.6 - Training													
1.61	Engage Quadel for training needs	Interview staff					GB		Quadel and Accounting Team	07-Mar	07-Apr	03/19/2007		Workorder in process to have nationally recog firm - Castelfine & Asso access dept.
	Finance - Basic Accounting						GB		Controller, Acct 3	06-Dec	07-Feb	06-Dec	07-Mar	Areas of immediate need have been accessed, currently
	Asset Mgmt						GB		PH, CF H6 Asst Finance, Director	06-Dec	07-Jan	06-Dec	07-Jan	All attend industry training and HUD training
	Section 8													
1.80	TASK 1.8 - Personnel													
1.81	Posting and hiring positions	Track key positions				DPE			work w/ key mgmt	12-Mar	09-Apr			Develop tracking system for better control
1.82	ALC													Center Dir. chg drafted thru CMO; other releases in ERD.
1.83	CDO													Pending resume selection for interviews
1.84	Director of Surtax					DPE								Req. appx/ pending by OSBM
1.85	Chief, Housing Policy & Resources													Req. appx/ pending by OSBM

5

AA - Alicia Apfel      AM - Annette Machuca      CB - Clarence Brown      DPE - Dale Poster-Ellis      GR - Glenda Blasko      GR - Grisel Rodriguez

Task	Task Description	Methods	Work Products	AA	AM	CB	DPE	GB	GR	Meeting & Participants	Planned Start	Planned End	Actual Start	Actual End	Status
2.00	TASK 2 - APPLICANT & LEASING														
2.10	TASK 2.1 - Adker														
2.11	Review Adker Decree requirements compared to ALC daily procedures					CB							1/22/07	1/29/07	The decree appears to be fine as is so that we can focus on improvements that are post-Adker.
2.20	TASK 2.2 - Case management with DHS														
2.21	Social Service needs														We continue to work with DHS to fine tune this process. We have asked that the Service or Case plans be updated to reflect current needs and gaps.
2.22	Monthly Social Service Fairs					CB									We have tentative programming that has been scheduled through August 2007.
2.30	TASK 2.3 - Grievance Hearings					CB					2/5/07	ongoing			
2.31	Review grievance hearings caseload with Dale	work to minimize													We have begun monitoring this process and have notice some areas that are not require. Missed appts will be reviewed by ALC superv instead of referring to hearing
3.00	TASK 3 - PUBLIC HOUSING														
3.10	TASK 3.1 - Personnel														
3.11	Training Schedule					CB									We have contracts in place for training and we are moving forward with ongoing training and certification.
3.20	TASK 3.2 - Asset Management														
3.21	Set schedule for transition					CB				Accounting and PH staff	1/31/07	ongoing			Finance is structured. AMP's are defined.
3.22	Review what components are in place					CB				Accounting and PH staff	1/31/07	ongoing			with the AMP structure.
3.23	Review what components need to be site-based					CB				Accounting and PH staff	1/31/07	ongoing			The AMP structure has been completed. Now we must focus on the staffing levels and location of specific staff.
3.24	Determine what can be done quickly and what may take longer					CB									
3.25	Determine what will be difficult due to County layers					CB									
	-Procurement														
	-Personnel														
	-Other														
3.26	Reorganization					CB									The discussions and initial steps have been taken to get this process under way. The ALC has been alerted to prepare for transitioning to site.
3.27	Complete REAC training offer with HUD					CB					2/5/07				To be considered when offered.
3.28	Communication Plan with communities					CB									Working closely with OTAC to achieve better communication. Senior management meets regularly to discuss challenges.
3.29	Police/Judge meet and greets					CB							on going		We have ongoing meetings with various police departments. We are looking to do outreach to the courts.
3.30	Vacancy reduction plan					CB					Oct-07			ongoing	Vacancies continue to be contracted to be completed by outside firms. The balance of the units are scheduled to be contracted in the next several days. CDBG funding is pending for some units and scopes/drawings are being completed 3/9/07.
3.31	Safety and security plan					CB					Oct-07			ongoing	There is ongoing work in the three regions that include lighting and fencing as well as other safety and security features, such as cameras. Some work remains to be contracted out.
3.32	File Reviews/RIM					CB								ongoing	

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Task	Task Description	Methods	Work Products	AA	AM	CB	DPE	GB	GR	Meeting & Participants	Planned Start	Planned End	Actual Start	Actual End	Status
3.40	TASK 3.4 - Developments														
3.41	Liberty City Focus					CB					2/5/07	ongoing	3/28/07	ongoing	We have begun planning for programming at the site beginning with a Health Fair. We have also isolated space for the South Florida Workforce to set up on site. We will continue programming at the site level.
3.42	Ensure Heritage Homes has timeline for completion	continual monitoring of progress						GB		Director PH, CF, Compliant	06-Dec	07-Jun	06-Dec		Waiting for HOA to complete closing of 5 homes and Contractor resolution for completion of 3 phase approach on balance of homes
3.50	TASK 3.5 - MOR														
3.51	Take the lead on cleaning-up the MOR transmission and data issues with NTHDC										On-going				Continuing follow-up w/ NTHDC/AMIS/ Compliance staff, still problems w rejects: 4-07 transn being done 3-7
4.00	TASK 4 - SECTION 8						DPE								
4.11	VMS audit to begin 1/23					AM									Completed
4.12	Set work plan with timeline to clean-up issues and address staffing needs					AM									
4.13	Review processing and procedural usage					AM					03/05/2006				
4.14	Ensure timely landlord checks					AM					02/05/2006				
4.15	Review administrative plan					AM									
4.16	Review SEMAP					AM									MONTHLY REPORTS
4.17	Review all monthly management reporting needs					AM					03/05/2007				
4.18	Review file clean-up					AM					03/05/2007	03/01/2008			
	EIV Discrepancy Report					AM					02/15/2007				
	Ensure Timely data input for PIC, MTCS Reporting					AM					Ongoing				
	Translate all documents in other major language					AM									
	Annual Review Utility Allowance					AM									
	Review Draft of Admin Plan														
4.20	TASK 4.2 - Moderate Rehab. Program										03/05/2008				
4.21	Separate out the Moderate Rehab. Program					AM									
4.22	Portability					AM									
	Move under Section 8														
	-Are we up-to-date with our local agencies? With the rest?										26-Feb				
4.23	Outreach Plan					AM									
	-Landlord workshops														
	-Newsletter										26-Feb				
5.00	TASK 5 - HOPE VI										01-Apr				ONGOING
5.11	Jointly work on HOPE VI components	Meetings / staff assignments	RFQ RFP reports							Clarence & Fradique HVI GR staff	2/1/07		2/1/07		
5.12	Take over day-to-day operations	Meetings / staff assignments	As required RFP							GR staff, Clarence; Fradique GR Fradique / Saydal	2/1/07		2/1/07		
5.13	Develop RFP	Group review									2/1/07		2/1/07		First draft completed
5.14	Ensure SHIP is properly set-up to work with Habitat	meeting with HFA and partners						GB		HFA/ Habitate	2/7/07	2/7/07			currently working with HFA to ensure subsidy layering for home mort.
5.15	Miami Worker Center / Community participation process	Meetings / staff assignments				CB				GR IMC reps/MDHA	3/1/07		3/1/07		set regular meetings & community meetings
5.16	Revision and review of HOPE VI accounts	meet w Glenda	new budget					GB		GR GR work w glenda	3/1/07		3/1/07		set to meet to get accurate budget for HOPE VI line items/ELOCCS review
5.18	CSS Community information HOPE VI newsletters	Quarterly newsletter/web	web and newsletter							GR Sherri and Clarence	ongoing				Second Qtr 2007 newsletter under development

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Task	Task Description	Methods	Work Products	AA	AM	CB	DPE	GB	GR	Meeting & Participants	Planned Start	Planned End	Actual Start	Actual End	Status
6.00	TASK 6 - COMMUNICATIONS														
6.10	TASK 6.1 - Revamp Communications Dept.														
6.11	Tracking of tax credits/surtax deals for press	coordinate w Sheila	lists of events							GR Sierra, Sheila	2/1/07		2/1/07		Will discuss w sherra to put this on the web
6.12	Hire MDHA PIO	write job desc, recruit	CRESAP				DPE			GR Madeline, Dale, Louie	1/1/07		1/1/07		CRESAP pending, doing ALC positions first
6.13	Web Portal	coordinate w GIC & ETSD	web content							GR Sierra, June, Alicia	ongoing		ongoing		distribution lists; items being sent out, bus& rail ads pending
6.14	Affordable Housing Marketing Plan	coordinate with GIC & work group	posters, ads, portal, fact cards							GR Sierra, June, Alicia, David	1/29/07		1/29/07		cost reduction from MDTA
7.00	TASK - FINANCE														
7.10	TASK 7.1 - Budget														
7.11	Prepare for deficit need and potential write-off request	continual review of Budget/Actuals						GB			06-Dec		06-Dec		review of budgets on monthly basis
7.12	Prepare detail analysis on 76% proration	review subsidy calc to actual e-LOCCS						GB		Directors of Housing, CF, H+ Compliance, Accounting	07-Jan	07-Jan	07-Jan	07-Jan	completed
7.13	Review policies and procedures in place for Budget/Finance and CF programs	Review current policy and procedures, interview staff						GB			07-Feb	07-Apr	07-Feb		Current working on CF and Finance. Several meetings with staff on current procedures
7.14	Review all internal controls and signatory powers	Review current access and "perceived" signatory powers also engage Casterline & Asso to assist in assessment						GB		All Departs	07-Feb	07-Apr	07-Feb		Casterline contract under Qudel contract to complete assessment
7.15	Review internal control, financial mgmt, training needs etc.	Contract with expertise in field to complete assessment						GB			07-Feb				all 1st versions rec'd need to meet and review again, focusing on city budget as of 3/2/07
7.16	Plan for AM through budget process							GB		meeting with mgr and direc	06-Dec	07-May	06-Dec		Cont. to rec. & review audit responses; monitor deadlines
7.17	Stay involved with outside Audits						DPE			key mgmt. staff	On-going				
7.20	TASK 7.2 - RFP														
7.21	RFP for new auditors	prepare rfp and distribute after receipt of 2006 audit						GB		procurement and Finance	07-Feb	07-Apr	07-Feb		rfp is in draft form and will be ready for distribution upon receipt of the 2006 audit report.
7.30	TASK 7.3 - GOB														
7.31	Ensure timeline are in place and financials feasible (this is now questionable)	ensure timeline remains in place						GB		continual meetings with COO and Facilities	07-Jan	2010	07-Jan		timeline in place and on track
	-Building better communities initiatives														2 feasibilities done; trying to obtain expense codes from OCI/GOB
	-3 large parcels for development (Mayor's initiatives)	feasibility study													
7.40	TASK 7.4 - CF Plan														
7.41	Analyze plan and dollar usage	meet with Facilities						GB		Facilities, COO, Directors-	07-Mar				meeting set to review current status, review new procedures inclusive of asset mgmt. and future strategy
7.42	Buildings been assessed for asset management?	COO and Facilities						GB			07-Apr				
7.43	Highest and best uses														
7.44	Ensure dollars used and obligated														
7.44	Complete 5 yr annual plan update														
	-3 large parcels for development (Mayor's initiatives)	feasibility study													2 feasibilities done; trying to obtain expense codes from OCI/GOB
7.40	TASK 7.5 - CF Plan-UFAS Init														
5.17	-Ensure 48 UFAS units are completed	Monitoring and Coordination	Reports / finished products						GR		ongoing	1/1/08	ongoing		Paying near completion /

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Task	Task Description	Methods	Work Products	AA	AM	GB	DPE	GB	GR	Meeting & Participants	Planned Start	Planned End	Actual Start	Actual End	Status
8.00	TASK - SURTAX														
8.10	TASK 8.1 -														
8.11	Assign Ivette to assist Jose with BP reviews														Completed
8.12	Work with Jose to implement KPMG recommendations														
8.13	Complete Homebuyers contract transition to HFA														
8.20	TASK 8.2 - Big Picture of the Surtax Program														
8.21	Dollars overall	Review of Reports and Proforma									07-Jan		07-Jan		proforma updated and review of monthly reports - requested interested parties to review and provide input will update quarterly.
8.22	Projects started	Review of Reports and Proforma									07-Jan		07-Jan		
8.23	Projects in the pipeline	Review of Reports and Proforma									07-Jan		07-Jan		
8.24	Projects in default	Review of Reports and Proforma									07-Jan		07-Jan		
8.25	House of Lies/Misspent funds	Consultant/Forensic Audit													KMPG forensic audit complete, MDHA current implement recommendations via policy and procedures
8.26	Projects in need of additional dollars	RFA									Aug-06	Dec-06	Sep-06	Dec-06	
8.28	Pro-forma	update proforma quarterly									07-Jan		07-Jan		
8.40	TASK 8.4 - Reports														
8.41	Monthly reports due from Pat on HFA Surtax programs										07-Jan		07-Jan		monthly reports provided
9.00	TASK - NEW INITIATIVES														
9.11	Monitor and Ensure the additional \$3m is allocated correctly for HOME Rehab. Program	Meet with HFA and distribute tracking worksheet									07-Feb		07-Feb		info part of monthly report
9.12	\$9m rental assistance program														We have met and given marching orders to DHS to begin the process.
10.00	TASK - BCC INITIATIVES														
10.11	Mod. Rehab./202 stock analysis with recommendations of supplying dollars to fund this (Barreno)														
10.12	TASK 10.1 - CAHSA														
10.13	Finish CAHSA recommendation review	Individual review	report / table												
10.14	Submit to BCC	Through Mario	memo to BCC/Mayor												
10.15	RFI on the web	Meeting w industry/developers	web content												
10.20	TASK 10.2 - BCC										2/1/07		2/1/07		developer letters out; responses on a case-by-case basis
10.21	Control BCC requests and agendas	Monitor agendas/follow-up on action for passed it	Tracking system								On-going				Tracking system in process-coord. w/ CMO's report
10.22	CAHSA recommendations per Jordan		Report to BCC								Aug-07				In process - i.e. affordable housing master plan
10.23	Community Land Trust		Policies & procedures								Mar-07				Following up on status per R-1434-06
10.24	Housing Assistance Grant Program	Procedures and monitoring reports									On-going				Complete marketing & information campaign
11.00	TASK - MISCELLANEOUS														
11.11	IOC for developers														
11.12	IOC for non-profits														
11.13	Blue roofs														
12.00	TASK - Outstanding Items														
12.11	Building and/or acquisition of new affordable housing units now														
12.13	Heritage Homes														
12.15	Continian		Final CO								ongoing		ongoing	Feb-07	Dedication held Feb. 27, 2007. Phase 1 completed
12.16	Postmaster														
12.17	Atrium														

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Task	Task Description	Methods	Work Products	AA	AM	CB	DPE	GB	GR	Meeting & Participants	Planned Start	Planned End	Actual Start	Actual End	Status
13.00	TASK - VCA														
13.11	Deliver first 48 UFAS accessible units										09-Mar	Jun 30/07	09-Mar		Training at Calleb Ctr-2 sessions (2 classes each)
13.12	Train all staff 15 hour training						DPE				On-going	07-May			
13.13	Submit monthly reasonable accommodation logs														
13.14	Submit quarterly reports to HUD														
13.15	Contract for 1. surveyor, 2. certifier, and 3. consultant to complete construction docs for UFAS-compliance									Work w/ M. Saydal		09-Mar			Surveyor to be awarded and begin work 3/07; surveyor can be same entity as certifier
13.16	Complete additional 430 UFAS units by schedule:														
	* 120 units by 6/30/08														
	* 143 units by 6/30/09														
	* 143 units by 6/30/10														
	*24 units by 3/31/11														

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ATTACHMENT DU.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT  
WASHINGTON, DC 20410-0500

OFFICE OF GENERAL COUNSEL

March 26, 2007

Via E-Mail, Facsimile and Overnight Delivery

Miami-Dade County Mayor Carlos Alvarez  
Office of the Mayor  
Stephen P. Clark Center  
29th Floor  
111 N.W. 1<sup>st</sup> Street  
Miami, FL 33128

Bruno A. Barreiro  
Chairman  
Miami-Dade County Board of County Commissioners  
Stephen P. Clark Center  
Suite 220  
111 N.W. 1<sup>st</sup> Street  
Miami, FL 33128

Dear Mayor Alvarez and Chairman Barreiro:

I am in receipt of your letter of March 20, 2007 and the draft "improvement plan" enclosed therein.

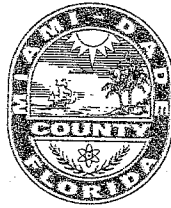
In my letter to you of March 5, 2007, I asked that by April 4, 2007, you provide HUD with detailed comments concerning the discussion draft Cooperative Endeavor Agreement ("CEA") enclosed in my March 5 letter. To date, HUD has not received any comments on the specific provisions of the proposed CEA. HUD strongly believes that the best means of moving this process forward would be for the County to respond to HUD's request for comments on the specific provisions of the proposed CEA within 30 days of my March 5 letter. Please indicate the County's willingness to enter into the CEA as proposed, or provide the County's specific comments to the CEA as worded, by April 4.

HUD looks forward to the County's response.

Very truly yours,

Robert M. Couch  
Acting General Counsel

cc: Assistant Secretary Cabrera  
County Manager George Burgess (via e-mail, facsimile and overnight mail)



## MIAMI-DADE COUNTY, FLORIDA

April 2, 2007

Mr. Robert M. Couch  
Acting General Counsel  
US Department of Housing and Urban Development  
451 7 Street, SW, Room 10110  
Washington, DC 20410-0500

Dear Mr. Couch:

This is in response to your letter dated March 26, 2007 where you ask the County to provide comments on the specific provisions of the proposed Cooperative Endeavor Agreement ("CEA"). As noted in our previous letter sent to you on March 20, 2007, we responded to your CEA; however, it was not a mark-up of the CEA. Our response was in the format of what was acceptable to the County, a letter that outlined our concerns and offered a solution which for us is a Memorandum of Understanding ("MOU"). As noted in our first letter, we would like to continue working with you in a constructive and cooperative manner.

Requiring the County to execute a CEA is not acceptable at this time. However, we have followed your request and red-lined the CEA.

As stated in our previous letter, the County is more than capable of, and committed to, addressing and resolving the deficiencies in Miami-Dade Housing Agency ("MDHA"), including but not limited to, providing the necessary resources, financial and otherwise, and working in a cooperative effort with HUD, the residents we serve and their advocates. To this end, for more than nine months the County has taken positive steps to address and resolve MDHA's deficiencies.

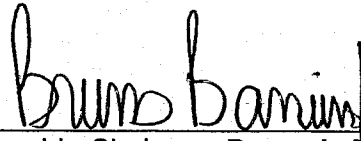
We recognize that more is needed to bring MDHA to a level that is acceptable to County officials and administration, HUD, and the public, but we cannot move forward without the full cooperation of HUD. In this spirit of cooperative teamwork, the County is prepared to discuss with HUD the possibilities of executing the proposed MOU. We believe that this MOU allows HUD to have the involvement it seeks to ensure that the County, acting through MDHA, continues to address the issues which led to the problems we mutually face today. This MOU provides a true "cooperative" arrangement and yet holds the County to time certain requirements for deliverables. While there are significant undeniable issues which need to be addressed, we have made substantial strides towards addressing and correcting those issues. The County has committed its full cadre of resources - technical, financial, and human - to correcting the problems and making its housing a model for the nation. As part of this effort, the Board of County Commissioners has approved the allocation of County funds to subsidize federal reductions and further support the community's housing needs. We only ask that we be allowed to move forward towards that end.

We look forward to discussing the option of an MOU and the on-going day-to-day issues with you at your earliest possible convenience.

Attachment



Honorable Carlos Alvarez  
Mayor

  
Honorable Chairman Bruno A. Barreiro  
Board of County Commissioners

c: Honorable Vice-Chair Barbara J. Jordan  
and Members, Board of County Commissioners  
George M. Burgess, County Manager  
Murray Greenberg, County Attorney  
Members, State and Federal Delegation

MEMORANDUM OF UNDERSTANDING BETWEEN  
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT  
AND  
MIAMI-DADE COUNTY

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ENDEAVOR AGREEMENT

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This Memorandum of Understanding (MOU) is entered into this \_\_\_\_\_ day of \_\_\_\_\_ 2007, by and between Miami-Dade County ("County") and the United States Department of Housing and Urban Development ("HUD"). The signatories to this MOU are the Honorable Carlos Alvarez (Mayor), the Honorable Bruno Barreiro (Chairman of Miami-Dade Board of County Commissioners), and the Honorable Alphonso Jackson, Secretary of HUD (Secretary).

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Agreement

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**RECITALS**

WHEREAS, HUD has determined that the Miami-Dade Housing Agency ("MDHA"), a department of the County, among its various functions, manages the public and subsidized housing operations in the Miami-Dade County, has been under substantial scrutiny over the past year due to high levels of press activity which alluded to allegations of mismanagement; and

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WHEREAS, MDHA has been the focus of a series of external investigations at the request of the County, which have raised serious concerns regarding that department's operations and management of the housing programs in Miami-Dade County; and

WHEREAS, the County conducted several independent reviews and reports through the County Manager's MDHA Management Assistance Team and determined a high number of management issues; and

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WHEREAS, as a result of these investigations by the County, numerous measures have and are being taken to address and correct the deficiencies in the department including the dismissal of six high-level staff; and

WHEREAS, some of these corrective actions include the appointment of a new director and management team to operate the department, the restructuring of the departments database system; the development of a system to expedite the processing of applicants on MDHA's waiting lists; and the approval and allocation of additional non-federal funds to expedite the repair and maintenance of public housing units in order to reduce the vacancy rates; and

WHEREAS, on January 29, 2007, HUD released an audit conducted by Deloitte & Touche detailing its findings with respect to the financial management, accounting and record keeping by MDHA; and

WHEREAS, the County has demonstrated its commitment and ability to address and correct the financial and operational deficiencies mentioned by HUD's audit and the County's independent investigations by taking the actions detailed above; and

WHEREAS, the County remains committed to correcting these deficiencies through all available means, including working in concert with HUD, the residents of its federally assisted programs and their advocates and providing decent, safe and affordable housing is provided to the residents of Miami-Dade County in a fiscally sound manner,

NOW, THEREFORE, the County and HUD, in consideration of the premises and mutual covenants, agree to the following:

#### ARTICLE I TERM OF THE MOU

1.1 The term of this MOU shall commence on the last date of execution by the parties and continue until , 2 , unless terminated by either party pursuant to Article VII below.

1.2 The parties agree that time is of the essence in the performance of each and every obligation under this MOU.

#### ARTICLE II RESPONSIBILITIES OF THE PARTIES

2.1 The County and HUD agree to facilitate the achievement of the objectives of this Agreement.

2.2 In order to implement this MOU, HUD will work with MDHA staff, as appropriate, to undertake and complete the following priorities:

- a. Within sixty (60) days of the execution of this MOU, MDHA staff shall create a document to be called the MDHA Improvement Plan (Improvement Plan). In this Improvement Plan, MDHA will address the identification, implementation steps, and schedule to address immediate, short-term, and long-term action items necessary to improve financial management, independent audits, property management, development,

**Deleted:** WHEREAS, HUD has determined that the Miami-Dade Housing Authority (MDHA)

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¶  
**WHEREAS,** this mismanagement is further evidenced by processes and procedures that have negatively impacted MDHA's implementation of its federal grant funding, resulting in substantial delays in completing the Ward Towers and Scott Carver projects. Specifically, the Ward Towers project permanent closing is in jeopardy and the Scott Carver project is unacceptably delayed with no current development contract in place to complete the project; ¶

¶  
**WHEREAS,** HUD has also determined that the MDHA has mismanaged its Housing Choice Voucher program (HCV), as evidenced by poorly defined and executed business practices and operational inefficiencies related to financial management. The HCV program, for both administrative fees and housing assistance payments, was operated at a significant deficit through 2005. In 2006, due to underutilization of vouchers, MDHA had a large Housing Assistance Payment (HAP) surplus. This surplus was erroneously used to offset the large deficits from prior years, which is disallowed;

**Deleted:** WHEREAS, the County and HUD both recognize and acknowledge that the problems at MDHA have developed over many years, are deep rooted, and that extraordinary levels of expertise and resources are now required to improve the quality of life of the residents of MDHA facilities; ¶

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maintenance, modernization, general management processes, occupancy, resident services, and Section 8 management. The MDHA Improvement Plan is subject to HUD's prior written approval, which approval shall not be unreasonably withheld.

- b. The County shall use additional outside consultants with expertise in Public Housing Administration to provide assistance with reviews and recommendations for updating financial management practices and systems, process and procedures as well as training of HUD programs.
- c. MDHA staff review all other HUD operations and develop a plan to address the general management over the operations of the MDHA (Public Housing and Section 8).
- d. MDHA staff shall update existing management guidelines, policies and plans, personnel management systems, information technology systems, and procurement systems, methods, and procedures to effect procedures appropriate to carry out policies and programs consistent with current HUD regulations and sound management practices
- e. MDHA staff shall develop a comprehensive HOPE VI Plan that will address finances, plans, schedules, and implementation strategies for the completion of HOPE VI activities for which HUD grant monies have been awarded.
- f. MDHA staff shall develop a Resident Services Plan to address all related resident services issues.
- g. MDHA staff shall prepare and submit all reports required by HUD and prepare and submit applications for funding to HUD and other available sources.

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### **ARTICLE III**

#### **PROJECT MANAGEMENT AND NOTICE**

- 3.1 The Project Manager for the HUD is the \_\_\_\_\_, telephone number (305) 961-9156. The Project Manager for the County is Kris Warren, Director, Miami-Dade Housing Agency, 1401 N.W. 7<sup>th</sup> Street, Miami, Florida 33125. The parties shall direct all matters arising in connection with the performance of this MOU, other than notices, to the attention of the Project Managers for attempted resolution or action. The Project Managers shall be responsible for overall coordination and oversight relating to the performance of this MOU.
- 3.2 All notices, demands, or other communications to the HUD under this MOU shall be in writing and shall be deemed received if sent by certified mail to:

United States Department of Housing and Urban Development

All notices, demands, or other communications to the Miami-Dade County under this MOU shall be in writing and shall be deemed received if sent by certified mail to:

Miami-Dade County  
111 N.W. 1<sup>st</sup> Street, Suite 2900  
Miami, Florida 33128  
Attn: County Manager

Deleted: 810

With a copy to:

Miami-Dade County Attorney's Office  
111 N.W. 1<sup>st</sup> Street, Suite 2810  
Miami, Florida 33128  
Attn: County Attorney

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The HUD and the County shall also provide a copy of all notices to the Project Managers. All notices required by this MOU shall be considered delivered upon receipt. Should any party change its address, written notice of such new address shall promptly be sent to the other parties.

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**ARTICLE IV**  
**INDEMNIFICATION**

- 4.1 The HUD assumes any and all risks of personal injury, bodily injury and property damage attributable to the negligent acts or omissions of the HUD and the officers, employees, servants, and agents thereof. The HUD warrants and represents that it is self-funded for liability insurance, or has liability insurance, both public and property, with such protection being applicable to the HUD officers, employees, servants and agents while acting within the scope of their employment with the HUD.
- 4.2 The County assumes any and all risks of personal injury, bodily injury and property damage attributable to the negligent acts or omissions of the County and the officers, employees, servants, and agents thereof. The County warrants and represents that it is self-funded for liability insurance, or has liability insurance, both public and property, with such protection being applicable to the County officers, employees, servants and agents while acting within the scope of their employment with the County.

- 4.3 The HUD and the County further agree that nothing contained herein shall be construed to interpret as (1) denying to either party any remedy or defense available to such party under the laws of the State of Florida; (2) the consent of the United States or its agents and agencies to be sued; (3) the consent of the State of Florida or its agents and agencies to be sued; or (4) a waiver of sovereign immunity of the State of Florida beyond the waiver provided in Section 768.28, Florida Statutes.

#### ARTICLE V INSURANCE

- 5.1 The parties hereto acknowledge that the County is a self-insured governmental entity subject to the limitations of Section 768.28, Florida Statutes. The County shall maintain a fiscally sound and prudent risk management program with regard to their obligations under this MOU in accordance with the provisions of Section 768.28, Florida Statutes. The County shall collect and keep on file documentation of insurance of any and all contractors contracted to provide the services or product used in conjunction with this MOU in any way. The County shall further require all contractors to include HUD as a named insured and shall provide the HUD with a copy of the insurance policy purchased by any contractor prior to commencement of the Services.

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- 5.2 The parties hereto acknowledge that the HUD is a self-insured governmental entity. HUD shall maintain a fiscally sound and prudent risk management program with regard to their obligations under this MOU

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#### ARTICLE VI TERMINATION/REMEDIES

- 6.1 If any party fails to fulfill its obligations under this MOU in a timely and proper manner, the other parties shall have the right to terminate their participation under this MOU by giving written notice of any deficiency. The party in default shall then have thirty (30) calendar days from receipt of notice to correct the deficiency. If the defaulting party fails to correct the deficiency within this time, this MOU shall terminate at the expiration of the thirty (30) day time period.
- 6.2 Any party may terminate this MOU at any time for convenience upon ninety (90) calendar days prior written notice to the other party. Any such termination shall be effected by delivery to the other of a Notice of Termination specifying the extent to which performance of work under the MOU is terminated, and the date upon which such termination becomes effective.
- 6.3 In the event a dispute arises which the Project Managers cannot be resolve between themselves, the parties shall have the option to submit to nonbinding mediation. The mediator or mediators shall be impartial, shall be selected by



parties, and the cost of the mediation shall be borne equally by the parties. The mediation process shall be confidential to the extent permitted by law.

- 6.4 This MOU has no third-party beneficiaries (intended or incidental), who may enforce obligations of any party should the MOU be terminated.

## **ARTICLE VII**

### **RECORDS RETENTION/OWNERSHIP**

The HUD and the County shall maintain records and each party shall have inspection and audit rights as follows:

- 7.1. Maintenance of Records: All parties shall maintain all financial and non-financial records and reports directly or indirectly related to the negotiation or performance of this MOU including supporting documentation for any service rates, expenses, research or reports. Such records shall be maintained and made available for inspection for a period of five (5) years from the expiration or termination date of this MOU.

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- 7.2. Examination of Records: All parties or their designated agents shall have the right to examine in accordance with generally accepted governmental auditing standards all records directly or indirectly related to this MOU. Such examination may be only within five (5) years from the expiration or termination of this MOU and upon reasonable notice, time and place.

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- 7.3. Extended Availability of Records for Legal Disputes: In the event that any party should become involved in a legal dispute with a third party arising from performance under this MOU, the other parties shall extend the period of maintenance for all records relating to this MOU until the final disposition of the legal dispute, and all such records shall be made readily available.

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- 7.4. Exemption: Any and all information not subject to disclosure under federal law, including but not limited to any and all criminal intelligence any and all criminal investigative information, any and all law enforcement relation information obtained, retained or created by the HUD is exempt from the requirements of this Article and is outside the scope of this MOU.

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## **ARTICLE VIII**

### **STANDARDS OF COMPLIANCE**

- 8.1 The HUD and the County, their employees, subcontractors, partners or assigns, shall comply with all applicable federal, state, and local laws and regulations relating to the performance of this MOU to which their activities are subject.

8.2 The County shall allow public access to all project documents and materials it maintains in accordance with the provisions of Chapter 119, Florida Statutes. Should the County assert any exemptions to the requirements of Chapter 119 and related statutes, the burden of establishing such exemption, by way of injunctive or other relief as provided by law, shall be upon the County.

8.3 All parties assure that no person shall be excluded on the grounds of race, color, creed, national origin, handicap, age, sex, marital status, or sexual orientation, from participation in, denied the benefits of, or be otherwise subjected to discrimination in any activity under this MOU. All parties shall take all measures necessary to effectuate these assurances.

## ARTICLE IX RELATIONSHIP BETWEEN THE PARTIES

9.1 The HUD and the County are independent contractors. No party is an employee or agent of any other party. Nothing in this MOU shall be interpreted to establish any relationship other than that of independent contractors, between HUD and the County, or between their respective employees, agents, subcontractors, partners, or assigns, during or after the performance of this MOU.

9.2 This MOU is between the Parties; no duty, responsibility, obligation, benefit or other interest provided for herein shall be assigned or assignable by either Party to any person or entity without the express written consent of the other Party.

## ARTICLE X GENERAL PROVISIONS

10.1 Notwithstanding any provisions of this MOU to the contrary, the parties shall not be held liable for any failure or delay in the performance of this MOU that arises from fires, floods, strikes, embargoes, acts of the public enemy, unusually severe weather, outbreak of war, restraint of Government, riots, civil commotion, force majeure, acts of God, or for any other cause of same character which is unavoidable through the exercise of due care and beyond the control of the parties. Failure to perform shall be excused during the continuance of such circumstances, but this MOU shall otherwise remain in effect.

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10.2 HUD retains all rights granted under applicable statutes, regulations and the ACC and will conduct audits, reviews, or assessments as appropriate or required by statute or program regulations.

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10.3 In the event any provisions of this MOU shall conflict, or appear to conflict, the MOU, including all exhibits, attachments and all other documents specifically incorporated by reference, shall be interpreted as a whole to resolve any inconsistency.

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10.4 Failures or waivers to insist on strict performance of any covenant, condition, or provision of this MOU by the parties, their successors and assigns shall not be deemed a waiver of any rights or remedies, nor shall it relieve the other parties from performing any subsequent obligations strictly in accordance with the term of this MOU. No waiver shall be effective unless in writing and signed by the party against whom enforcement is sought. Such waiver shall be limited to provisions of this MOU specifically referred to therein and shall not be deemed a waiver of any other provision. No waiver shall constitute a continuing waiver unless the writing states otherwise.

10.5 Should any term or provision of this MOU be held, to any extent invalid or unenforceable, as against any person, entity or circumstance during the term hereof, by force of any statute, law, or ruling of any forum of competent jurisdiction, such invalidity shall not effect any other term or provision of this MOU, to the extent that the MOU shall remain operable, enforceable and in full force and effect to the extent permitted by law.

10.6 This MOU may be amended only with the written approval of the parties hereto.

10.7 This MOU states the entire understanding and agreement between the parties and supersedes any and all written or oral representations, statements, negotiations, or agreements previously existing between the parties with respect to the subject matter of this MOU. The parties recognize that any representations, statements or negotiations made by the staff of either party does not suffice to legally bind either party in a contractual relationship unless they have been reduced to writing and signed by their authorized representative(s). This MOU shall inure to the benefit of and shall be binding upon the parties, their respective assigns, and successors in interest.

IN WITNESS WHEREOF, the parties or their duly authorized representatives hereby execute this MOU on the date first written above.

Alphonso Jackson  
Secretary, Department of Housing and Urban Development

Date

Draft 03-29-07  
For Settlement Purposes Only

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**Deleted:** A. COOPERATIVE ENDEAVOR REPRESENTATIVES' SCOPE AND AUTHORITY TO ACT¶  
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**Deleted:** 2. The County and HUD acknowledge that MDHA is in substantial breach of its Annual Contributions Contract (ACC), and that such bre¶  
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**Deleted:** 3. HUD and the County acknowledge that HUD has authority, pursuant to 24 C.F.R. § 902.83 to require MDHA to make other arrangements¶  
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**Deleted:** 4. The County shall, upon execution of the CEA by all parties, immediately transfer possession and control of all MDHA's assets, proj¶  
¶ ... [4]

**Deleted:** 5. The County Executive and the Board of County Commissioners at their option may appoint an Advisory Board. The purpose of the Advisor¶  
¶ ... [5]

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**Deleted:** B. SPECIFIC ACTIONS¶  
¶ In order to implement this Agreement, HUD, with the assistance of the C¶  
¶ ... [7]

**Deleted:** C. MODIFICATION OF AGREEMENT¶  
¶ This Agreement may be modified¶  
¶ ... [8]

\_\_\_\_\_  
Carlos Alvarez  
Mayor, Miami-Dade County

\_\_\_\_\_  
Date

\_\_\_\_\_  
Bruno Barreiro  
Chairman, Miami-Dade Board of County Commissioners

\_\_\_\_\_  
Date

**A. COOPERATIVE ENDEAVOR REPRESENTATIVES' SCOPE AND AUTHORITY TO ACT**

1. The County and HUD shall take all necessary actions to facilitate achievement of the objectives of this Agreement.

2. The County and HUD acknowledge that MDHA is in substantial breach of its Annual Contributions Contract (ACC), and that such breach constitutes a substantial default within the meaning of 24 C.F.R. § 902.79.

3. HUD and the County acknowledge that HUD has authority, pursuant to 24 C.F.R. § 902.83 to require MDHA to make other arrangements for the management of public housing. The parties further acknowledge that HUD has authority pursuant to 24 C.F.R. § 902.83 and the ACC to assume possession of and operational responsibility for public housing.

4. The County shall, upon execution of the CEA by all parties, immediately transfer possession and control of all MDHA's assets, projects and programs to HUD. The County Commissioners shall also relinquish all control over the MDHA. The Secretary appoints Donald J. LaVoy or his/her designee, to fulfill duties as the Board of MDHA, with the title of Recovery Administrator.

5. The County Executive and the Board of County Commissioners at their option may appoint an Advisory Board. The purpose of the Advisory Board is to provide input to the Recovery Administrator and not to engage in the day-to-day management of MDHA.

6. HUD retains all rights granted under applicable statutes, regulations and the ACC and will conduct audits, reviews, or assessments as appropriate or required by statute or program regulations.

. This CEA shall be signed by the County and returned within 10 days of receipt.

8. The parties to the Agreement shall meet or consult on an as needed basis.

**B. SPECIFIC ACTIONS**

In order to implement this Agreement, HUD, with the assistance of the County, will work with MDHA staff, as appropriate, to undertake and complete the following priorities:

1. Within 60 days of the execution of this document, the County will develop a separation plan that outlines actions necessary to separate the MDHA from the County and establish it as an independent entity, including the transfer of title to all MDHA properties, transfer of all other assets of MDHA, the transfer of the pension fund(s) applicable to MDHA employees and the promulgation of County code changes necessary

for the creation of an independent MDHA. Upon written HUD approval of the separation plan, the County must implement the plan within 180 days.

2. Within 60 days of the execution of this document, the County shall either impanel an independent body of responsible local citizens or within its own resources compose a group to make recommendations for the creation of a Charter for the MDHA, and persons who would serve on its Board of Governors. Utilizing either of the above approaches, and within 180 days of initiation, the task is to create recommendations for a Board Charter that will address the organization, operations, composition, term limits, rules, and all other issues relating to the operation of the MDHA and the formation and functions of the MDHA Board of Governors. The Charter shall include provision for a General Counsel, whose sole client is the MDHA, and who may not be an employee of the County. The MDHA Board of Governors, when HUD relinquishes possession of MDHA, will be charged with the oversight and governance of the MDHA. This Board of Governors will be an independent group that will control all funding for the MDHA. There may be no County control of the Board or MDHA's operations. This Charter and the recommended Board of Governors will be subject to HUD prior written approval.
3. Within 60 days of the execution of this document, MDHA staff shall create a document to be called the MDHA Recovery Plan. This Plan will address the identification, implementation steps, and schedule to address immediate, short-term, and long-term action items necessary to improve financial management, independent audits, property management, development, maintenance, modernization, general management processes, occupancy, resident services, and Section 8 management. The MDHA Recovery Plan is subject to HUD prior written approval. The Plan will include a provision for obtaining the recommendations of the accounting firm discussed in paragraph 5 below, and address the matters discussed in paragraphs 6-8 below.
4. Once HUD has determined the correct amount of impacted funds, the County shall develop and implement a repayment plan, acceptable to HUD, that reimburses MDHA for all HUD funds that were improperly transferred from MDHA to the County.
5. The County shall provide funds for the services of a major accounting firm, approved by HUD, to provide recommendations for the overhaul of the financial management practices of the MDHA. The selected accounting firm will provide assistance regarding the financial management and operations (tracking, reporting, budgeting, timely accomplishment and overall effectiveness of strategies and initiatives) of the MDHA and guidance in financial management systems, PHAS financial indicators, annual audit, financial planning, generally accepted accounting principles, financial policies, and internal controls.
6. MDHA staff shall develop a plan to enhance the general management over the operations of the MDHA (Public Housing and Section 8) and all of its subsidiaries or joint venture partnerships.

7. MDHA staff shall update existing management guidelines, policies and plans, personnel management systems, information technology systems, and procurement systems, methods, and procedures to effect procedures appropriate to carry out policies and programs consistent with current HUD regulations and sound management practices.
8. MDHA staff shall retain, train, or if necessary, recruit, permanent, competent, responsible staff, including but not limited to, the executive management staff, legal staff, technical support staff, maintenance staff, clerical staff, and any other personnel, necessary to operate the MDHA.
9. MDHA staff shall carry out items contained in the MDHA Recovery Plan; prepare and submit all reports required by the Department of Housing and Urban Development (HUD); prepare and submit applications for funding to HUD and other available sources.
10. MDHA staff shall develop a comprehensive Development Plan that will address finances, plans, schedules, and implementation strategies for the completion of development activities for which HUD grant monies have been awarded.
11. MDHA staff shall develop a comprehensive plan to address resident services.
12. The County shall reimburse HUD for the recent audit services performed by Deloitte and Touche LLP on MDHA.

#### **C. MODIFICATION OF AGREEMENT**

This Agreement may be modified by written agreement of the County and HUD.

#### **D. INTEGRATION CLAUSE**

This Agreement shall express the entire agreement of the parties hereto, written or oral with respect to the subject matter hereof. If there is any conflict between this Agreement and a provision of any other existing agreement, the provisions of this Agreement shall prevail.

#### **E. TERM OF AGREEMENT**

This Agreement shall terminate at such time that the Secretary determines that the MDHA has built sufficient capacity to be self-supportive.

#### **F. SEVERABILITY**

If any part of this Agreement is found to be contrary to law, that part may be severed from the Agreement and the remainder of the Agreement shall remain in full

force and effect. The remaining Agreement shall be construed as far as is lawful and practicable to enforce the overall intent of the original Agreement.

#### **G. DEFAULT**

If, in its sole discretion, HUD determines that any of the terms of this agreement have been violated, the agreement will be deemed null and void and HUD may exercise any and all such rights and remedies as available under federal law.



**MEMORANDUM OF UNDERSTANDING  
BETWEEN  
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT  
AND  
MIAMI-DADE COUNTY**

This Memorandum of Understanding (MOU) is entered into this \_\_\_\_\_ day of \_\_\_\_\_ 2007, by and between Miami-Dade County ("County") and the United States Department of Housing and Urban Development ("HUD"). The signatories to this MOU are the Honorable Carlos Alvarez (Mayor), the Honorable Bruno Barreiro (Chairman of Miami-Dade Board of County Commissioners), and the Honorable Alphonso Jackson, Secretary of HUD (Secretary).

**RECITALS**

**WHEREAS**, HUD has determined that the Miami-Dade Housing Agency ("MDHA"), a department of the County, among its various functions, manages the public and subsidized housing operations in the Miami-Dade County, has been under substantial scrutiny over the past year due to high levels of press activity which alluded to allegations of mismanagement; and

**WHEREAS**, MDHA has been the focus of a series of external investigations at the request of the County, which have raised serious concerns regarding that department's operations and management of the housing programs in Miami-Dade County; and

**WHEREAS**, the County conducted several independent reviews and reports through the County Manager's MDHA Management Assistance Team and determined a high number of management issues; and

**WHEREAS**, as a result of these investigations by the County, numerous measures have and are being taken to address and correct the deficiencies in the department including the dismissal of six high-level staff; and

**WHEREAS**, some of these corrective actions include the appointment of a new director and management team to operate the department, the restructuring of the departments database system; the development of a system to expedite the processing of applicants on MDHA's waiting lists; and the approval and allocation of additional non-federal funds to expedite the repair and maintenance of public housing units in order to reduce the vacancy rates; and

**WHEREAS**, on January 29, 2007, HUD released an audit conducted by Deloitte & Touche detailing its findings with respect to the financial management, accounting and record keeping by MDHA; and

**WHEREAS**, the County has demonstrated its commitment and ability to address and correct the financial and operational deficiencies mentioned by HUD's audit and the County's independent investigations by taking the actions detailed above; and

**WHEREAS**, the County remains committed to correcting these deficiencies through all available means, including working in concert with HUD, the residents of its federally assisted programs and their advocates and providing decent, safe and affordable housing is provided to the residents of Miami-Dade County in a fiscally sound manner,

**NOW, THEREFORE**, the County and HUD, in consideration of the premises and mutual covenants agree to the following:

## **ARTICLE I TERM OF THE MOU**

- 1.1 The term of this MOU shall commence on the last date of execution by the parties and continue until \_\_\_\_\_, 2\_\_\_\_\_, unless terminated by either party pursuant to Article VII below.
- 1.2 The parties agree that time is of the essence in the performance of each and every obligation under this MOU.

## **ARTICLE II RESPONSIBILITIES OF THE PARTIES**

- 2.1 The County and HUD agree to facilitate the achievement of the objectives of this Agreement.
- 2.2 In order to implement this MOU, HUD will work with MDHA staff, as appropriate, to undertake and complete the following priorities:
  - a. Within sixty (60) days of the execution of this MOU, MDHA staff shall create a document to be called the MDHA Improvement Plan (Improvement Plan). In this Improvement Plan, MDHA will address the identification, implementation steps, and schedule to address immediate, short-term, and long-term action items necessary to improve financial management, independent audits, property management, development, maintenance, modernization, general management processes, occupancy, resident services, and Section 8 management. The MDHA Improvement Plan is subject to HUD's prior written approval, which approval shall not be unreasonably withheld.

- b. The County shall use additional outside consultants with expertise in Public Housing Administration to provide assistance with reviews and recommendations for updating financial management practices and systems, process and procedures as well as training of HUD programs.
- c. MDHA staff review all other HUD operations and develop a plan to address the general management over the operations of the MDHA (Public Housing and Section 8).
- d. MDHA staff shall update existing management guidelines, policies and plans, personnel management systems, information technology systems, and procurement systems, methods, and procedures to effect procedures appropriate to carry out policies and programs consistent with current HUD regulations and sound management practices
- e. MDHA staff shall develop a comprehensive HOPE VI Plan that will address finances, plans, schedules, and implementation strategies for the completion of HOPE VI activities for which HUD grant monies have been awarded.
- f. MDHA staff shall develop a Resident Services Plan to address all related resident services issues.
- g. MDHA staff shall prepare and submit all reports required by HUD and prepare and submit applications for funding to HUD and other available sources.

### ARTICLE III PROJECT MANAGEMENT AND NOTICE

- 3.1 The Project Manager for the HUD is the \_\_\_\_\_, telephone number (305) 961-9156. The Project Manager for the County is Kris Warren, Director, Miami-Dade Housing Agency, 1401 N.W. 7<sup>th</sup> Street, Miami, Florida 33125. The parties shall direct all matters arising in connection with the performance of this MOU, other than notices, to the attention of the Project Managers for attempted resolution or action. The Project Managers shall be responsible for overall coordination and oversight relating to the performance of this MOU.
- 3.2 All notices, demands, or other communications to the HUD under this MOU shall be in writing and shall be deemed received if sent by certified mail to:

United States Department of Housing and Urban Development

All notices, demands, or other communications to the Miami-Dade County under this MOU shall be in writing and shall be deemed received if sent by certified mail to:

Miami-Dade County  
111 N.W. 1<sup>st</sup> Street, Suite 2900  
Miami, Florida 33128  
Attn: County Manager

With a copy to:

Miami-Dade County Attorney's Office  
111 N.W. 1<sup>st</sup> Street, Suite 2810  
Miami, Florida 33128  
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The HUD and the County shall also provide a copy of all notices to the Project Managers. All notices required by this MOU shall be considered delivered upon receipt. Should any party change its address, written notice of such new address shall promptly be sent to the other parties.

#### **ARTICLE IV INDEMNIFICATION**

- 4.1 The HUD assumes any and all risks of personal injury, bodily injury and property damage attributable to the negligent acts or omissions of the HUD and the officers, employees, servants, and agents thereof. The HUD warrants and represents that it is self-funded for liability insurance, or has liability insurance, both public and property, with such protection being applicable to the HUD officers, employees, servants and agents while acting within the scope of their employment with the HUD.
- 4.2 The County assumes any and all risks of personal injury, bodily injury and property damage attributable to the negligent acts or omissions of the County and the officers, employees, servants, and agents thereof. The County warrants and represents that it is self-funded for liability insurance, or has liability insurance, both public and property, with such protection being applicable to the County officers, employees, servants and agents while acting within the scope of their employment with the County.
- 4.3 The HUD and the County further agree that nothing contained herein shall be construed to interpret as (1) denying to either party any remedy or defense available to such party under the laws of the State of Florida; (2) the consent of

the United States or its agents and agencies to be sued; (3) the consent of the State of Florida or its agents and agencies to be sued; or (4) a waiver of sovereign immunity of the State of Florida beyond the waiver provided in Section 768.28, Florida Statutes.

## **ARTICLE V INSURANCE**

- 5.1 The parties hereto acknowledge that the County is a self-insured governmental entity subject to the limitations of Section 768.28, Florida Statutes. The County shall maintain a fiscally sound and prudent risk management program with regard to their obligations under this MOU in accordance with the provisions of Section 768.28, Florida Statutes. The County shall collect and keep on file documentation of insurance of any and all contractors contracted to provide the services or product used in conjunction with this MOU in any way. The County shall further require all contractors to include HUD as a named insured and shall provide the HUD with a copy of the insurance policy purchased by any contractor prior to commencement of the Services.
- 5.2 The parties hereto acknowledge that the HUD is a self-insured governmental entity. HUD shall maintain a fiscally sound and prudent risk management program with regard to their obligations under this MOU

## **ARTICLE VI TERMINATION/REMEDIES**

- 6.1 If any party fails to fulfill its obligations under this MOU in a timely and proper manner, the other parties shall have the right to terminate their participation under this MOU by giving written notice of any deficiency. The party in default shall then have thirty (30) calendar days from receipt of notice to correct the deficiency. If the defaulting party fails to correct the deficiency within this time, this MOU shall terminate at the expiration of the thirty (30) day time period.
- 6.2 Any party may terminate this MOU at any time for convenience upon ninety (90) calendar days prior written notice to the other party. Any such termination shall be effected by delivery to the other of a Notice of Termination specifying the extent to which performance of work under the MOU is terminated, and the date upon which such termination becomes effective.
- 6.3 In the event a dispute arises which the Project Managers cannot resolve between themselves, the parties shall have the option to submit to nonbinding mediation. The mediator or mediators shall be impartial, shall be selected by parties, and the cost of the mediation shall be borne equally by the parties. The mediation process shall be confidential to the extent permitted by law.

- 6.4 This MOU has no third-party beneficiaries (intended or incidental), who may enforce obligations of any party should the MOU be terminated.

## ARTICLE VII RECORDS RETENTION/OWNERSHIP

The HUD and the County shall maintain records and each party shall have inspection and audit rights as follows:

- 7.1. Maintenance of Records: All parties shall maintain all financial and non-financial records and reports directly or indirectly related to the negotiation or performance of this MOU including supporting documentation for any service rates, expenses, research or reports. Such records shall be maintained and made available for inspection for a period of five (5) years from the expiration or termination date of this MOU.
- 7.2. Examination of Records: All parties or their designated agents shall have the right to examine in accordance with generally accepted governmental auditing standards all records directly or indirectly related to this MOU. Such examination may be only within five (5) years from the expiration or termination of this MOU and upon reasonable notice, time and place.
- 7.3. Extended Availability of Records for Legal Disputes: In the event that any party should become involved in a legal dispute with a third party arising from performance under this MOU, the other parties shall extend the period of maintenance for all records relating to this MOU until the final disposition of the legal dispute, and all such records shall be made readily available.
- 7.4. Exemption: Any and all information not subject to disclosure under federal law, including but not limited to any and all criminal intelligence any and all criminal investigative information, any and all law enforcement relation information obtained, retained or created by the HUD is exempt from the requirements of this Article and is outside the scope of this MOU.

## ARTICLE VIII STANDARDS OF COMPLIANCE

- 8.1 The HUD and the County, their employees, subcontractors, partners or assigns, shall comply with all applicable federal, state, and local laws and regulations relating to the performance of this MOU to which their activities are subject.
- 8.2 The County shall allow public access to all project documents and materials it maintains in accordance with the provisions of Chapter 119, Florida Statutes. Should the County assert any exemptions to the requirements of Chapter 119 and

related statutes, the burden of establishing such exemption, by way of injunctive or other relief as provided by law, shall be upon the County.

- 8.3 All parties assure that no person shall be excluded on the grounds of race, color, creed, national origin, handicap, age, sex, marital status, or sexual orientation, from participation in, denied the benefits of, or be otherwise subjected to discrimination in any activity under this MOU. All parties shall take all measures necessary to effectuate these assurances.

## **ARTICLE IX RELATIONSHIP BETWEEN THE PARTIES**

- 9.1 The HUD and the County are independent contractors. No party is an employee or agent of any other party. Nothing in this MOU shall be interpreted to establish any relationship other than that of independent contractors, between HUD and the County, or between their respective employees, agents, subcontractors, partners, or assigns, during or after the performance of this MOU.
- 9.2 This MOU is between the Parties; no duty, responsibility, obligation, benefit or other interest provided for herein shall be assigned or assignable by either Party to any person or entity without the express written consent of the other Party.

## **ARTICLE X GENERAL PROVISIONS**

- 10.1 Notwithstanding any provisions of this MOU to the contrary, the parties shall not be held liable for any failure or delay in the performance of this MOU that arises from fires, floods, strikes, embargoes, acts of the public enemy, unusually severe weather, outbreak of war, restraint of Government, riots, civil commotion, force majeure, acts of God, or for any other cause of same character which is unavoidable through the exercise of due care and beyond the control of the parties. Failure to perform shall be excused during the continuance of such circumstances, but this MOU shall otherwise remain in effect.
- 10.2 HUD retains all rights granted under applicable statutes, regulations and the ACC and will conduct audits, reviews, or assessments as appropriate or required by statute or program regulations.
- 10.3 In the event any provisions of this MOU shall conflict, or appear to conflict, the MOU, including all exhibits, attachments and all other documents specifically incorporated by reference, shall be interpreted as a whole to resolve any inconsistency.
- 10.4 Failures or waivers to insist on strict performance of any covenant, condition, or provision of this MOU by the parties, their successors and assigns shall not be

deemed a waiver of any rights or remedies, nor shall it relieve the other parties from performing any subsequent obligations strictly in accordance with the term of this MOU. No waiver shall be effective unless in writing and signed by the party against whom enforcement is sought. Such waiver shall be limited to provisions of this MOU specifically referred to therein and shall not be deemed a waiver of any other provision. No waiver shall constitute a continuing waiver unless the writing states otherwise.

- 10.5 Should any term or provision of this MOU be held, to any extent invalid or unenforceable, as against any person, entity or circumstance during the term hereof, by force of any statute, law, or ruling of any forum of competent jurisdiction, such invalidity shall not effect any other term or provision of this MOU, to the extent that the MOU shall remain operable, enforceable and in full force and effect to the extent permitted by law.
- 10.6 This MOU may be amended only with the written approval of the parties hereto.
- 10.7 This MOU states the entire understanding and agreement between the parties and supersedes any and all written or oral representations, statements, negotiations, or agreements previously existing between the parties with respect to the subject matter of this MOU. The parties recognize that any representations, statements or negotiations made by the staff of either party does not suffice to legally bind either party in a contractual relationship unless they have been reduced to writing and signed by their authorized representative(s). This MOU shall inure to the benefit of and shall be binding upon the parties, their respective assigns, and successors in interest.



IN WITNESS WHEREOF, the parties or their duly authorized representatives hereby execute this MOU on the date first written above.

\_\_\_\_\_  
Alphonso Jackson  
Secretary, Department of Housing and Urban Development

\_\_\_\_\_  
Date

\_\_\_\_\_  
Carlos Alvarez  
Mayor, Miami-Dade County

\_\_\_\_\_  
Date

\_\_\_\_\_  
Bruno Barreiro  
Chairman, Miami-Dade Board of County Commissioners

\_\_\_\_\_  
Date

**ATTACHMENT E**

April 20, 2007

Mr. Roy A. Bernardi  
Deputy Secretary  
US Department of Housing and Urban Development  
451 7 Street, SW, Room 10100  
Washington, DC 20410-0500

Dear Mr. Bernardi:

This letter is a follow-up to our meeting on Thursday, April 19, 2007, in Washington, D.C. I believe that it is clear from our meeting that Miami-Dade County and U.S. HUD have the same ultimate goal in mind - the efficient and effective provision of safe, sanitary, and decent housing for the residents of Miami-Dade County's federally-funded housing. However, the meeting yesterday was not consistent with that premise, and the tenor of the meeting did not appear to move us in this direction.

Our common challenge we face is determining the best way to accomplish this very important goal. Miami-Dade County strongly believes that the best way to face this challenge is in cooperation and partnership with U.S. HUD in a manner that is not in derogation of the County's Home Rule Charter powers.

We propose that U.S. HUD provide the County with an assigned representative, responsible to U.S. HUD that will assist and help guide the County in the review and monitoring of its federally-funded housing programs. The process we envision is one in which this representative would monitor, guide, and assist the County, within the current governance structure, in the attainment of specifically delineated objective goals. The goals and benchmarks for completion would be set forth in a Memorandum of Understanding entered into between the County and HUD, which was drafted and sent to you on April 2, 2007.

However, in response to your request in the meeting yesterday, we will not recommend that the County Commission have no oversight role with respect to MDHA, nor will we recommend removal the County Attorney's office as legal council for the County with respect to MDHA.

Miami-Dade County welcomes and encourages U.S. HUD's presence and participation in Miami-Dade County's Housing Agency. We believe that the expertise and support U.S. HUD can provide to Miami-Dade County will help us in our continuing efforts to reform our Housing Agency, while providing U.S. HUD with the confidence that the County is fully compliant with all applicable federal rules and regulations related to the County's federally-funded housing programs.

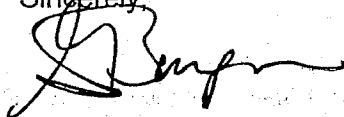
*Delivering Excellence Every Day*

ADA Coordination  
Agenda Coordination  
Animal Services  
Art in Public Places  
Audit and Management Services  
Aviation  
Building  
Building Code Compliance  
Business Development  
Capital Improvements  
Citizens' Independent Transportation Trust  
Commission on Ethics and Public Trust  
Communications  
Community Action Agency  
Community & Economic Development  
Community Relations  
Consumer Services  
Corrections & Rehabilitation  
Cultural Affairs  
Elections  
Emergency Management  
Employee Relations  
Empowerment Trust  
Enterprise Technology Services  
Environmental Resources Management  
Fair Employment Practices  
Finance  
Fire Rescue  
General Services Administration  
Historic Preservation  
Homeless Trust  
Housing Agency  
Housing Finance Authority  
Human Services  
Independent Review Panel  
International Trade Consortium  
Juvenile Services  
Medical Examiner  
Metro-Miami Action Plan  
Metropolitan Planning Organization  
Park and Recreation  
Planning and Zoning  
Police  
Procurement Management  
Property Appraisal  
Public Library System  
Public Works  
Safe Neighborhood Parks  
Seaport  
Solid Waste Management  
Strategic Business Management  
Team Metro  
Transit  
Task Force on Urban Economic Revitalization  
Vizcaya Museum And Gardens  
Water & Sewer

It is our sincere belief that with the guidance, assistance, and support of U.S. HUD working cooperatively with us, we can not only achieve the goal of effectively and efficiently providing housing to the residents of Miami-Dade County, but we can make Miami-Dade County public housing and this collaborative partnership a model for future collaboration efforts between U.S. HUD and local housing agencies.

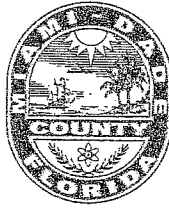
We look forward to working with you.

Sincerely,



George M. Burgess  
County Manager

c: Honorable Carlos Alvarez, Mayor  
Honorable Chairman Bruno A. Barreiro  
and Members, of the Board of County Commissioners  
Murray Greenberg, County Attorney  
Orlando J. Cabrera, Assistant Secretary, US HUD  
Robert M. Couch, Acting General Council, US HUD



# MIAMI-DADE COUNTY, FLORIDA

April 20, 2007

The Honorable Alphonso Jackson  
 Secretary, U.S. Department of Housing and Urban Development  
 451 7th Street S.W., Room 1000  
 Washington, DC 20410

Dear Secretary Jackson:

The tone and tenor of the meeting that took place yesterday between the County and U.S. HUD was very disappointing. When the County was invited to this meeting, it was stated that the discussions would begin with our draft of the Memorandum of Understanding. In addition, the County was told that this meeting would be a negotiation. Neither of these were the case, and it is apparent that there is no genuine desire to reach a mutual agreement on how to best work together and continue our efforts to improve the Miami-Dade Housing Agency (MDHA).

The County is willing to work cooperatively, but does not support nor think it is necessary to put MDHA under receivership. The use of a "Recovery Administrator" to serve as the Chair of the Board of MDHA is not cooperative nor is it in the best interest of MDHA. In addition, we do not support removing the Board of County Commissioners or the Office of the County Attorney from the activities of MDHA. Given the above, we do believe that an assigned U.S. HUD representative to monitor and report on the progress made is positive, and an effective way for U.S. HUD to work with the County.

We are confident that the right management team has been brought in to ensure we are successful with our reforms. In addition, you have recognized our efforts on the aggressiveness of our management responses. With that said, it is important not to disrupt the sustained momentum of the management team which is critical to reforming MDHA. As mentioned in our letter to U.S. HUD dated April 2, 2007, we are committed to a cooperative arrangement which holds the County to time certain requirements for deliverables.

We are personally committed to ensure that reforms are put in place and that MDHA is a model for all of us to showcase.

Honorable Carlos Alvarez  
 Mayor

Honorable Chairman Bruno A. Barreiro  
 Board of County Commissioners

- c: Honorable Vice-Chair Barbara J. Jordan, and Members, Board of County Commissioners  
 George M. Burgess, County Manager  
 Murray A. Greenberg, County Attorney  
 Roy A. Bernardi, Deputy Secretary, U.S. HUD  
 Orlando J. Cabrera, Assistant Secretary, U.S. HUD  
 Robert M. Couch, Acting General Council, U.S. HUD  
 Members, State and Federal Delegation

4/24/07



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT  
WASHINGTON, DC 20410-5000

ATTACHMENT G

ASSISTANT SECRETARY FOR  
PUBLIC AND INDIAN HOUSING

VIA FACSIMILE AND OVERNIGHT DELIVERY

Hon. Carlos Alvarez  
Mayor  
Miami-Dade County, Florida  
Stephen P. Clark Center  
111 N.W. First Street  
Suite 2910  
Miami, FL 33128-1994

Hon. Chairman Bruno A. Barreiro  
Board of County Commissioners  
Miami-Dade County, Florida  
Stephen P. Clark Center  
111 N.W. First Street  
Suite 2910  
Miami, FL 33128-1994

Subject: Declaration of Default - Section 8 Consolidated Annual Contributions Contract

Dear Messrs. Alvarez and Barreiro:

Pursuant to the United States Housing Act of 1937 ("the Act"), the Miami-Dade Housing Agency ("MDHA") entered into a Consolidated Annual Contributions Contract for Rental Certificate and Rental Voucher Programs - Section 8 ("Section 8 ACC") on September 11, 1998, with the Department of Housing and Urban Development ("HUD"). HUD hereby provides notice of its determination that MDHA has failed to satisfy its obligations under, and is in default of, the Section 8 ACC.

Based on a review by the firm, Deloitte & Touche, LLP, a management review conducted by HUD, and other available information, HUD has determined that MDHA has violated both the specific provisions of the Section 8 ACC and the statutes, regulations, and/or other HUD requirements that implement the Section 8 Housing Choice Voucher program. Under Section 10(a) of the Section 8 ACC, MDHA must comply with "the requirements of the Act and all HUD regulations and other requirements, including any amendments or changes in the law or HUD requirements." Accordingly, a violation of the Act or any applicable HUD regulation or other requirement is also a violation of the Section 8 ACC.

The following is a description of MDHA's violations upon which HUD is making this determination:

1) Violation of Section 8 ACC, Sections 9 and 11

Sections 9 and 11 of the Section ACC are designed to ensure that MDHA does not expend more funds than it has available for its program. In addition, Sections 9 and 11 of the Section 8 ACC require that MDHA establish and follow an operating budget. In FY 2004 and 2005, MDHA operated its Section 8 Housing Choice Voucher program at substantial deficits, depleting its reserves, which contributed to its having to accept over \$26 million in nonfederal funds to subsidize federal programs, including the Section 8 program. MDHA is required to pay at least \$9.6 million of these funds over 10 years with income from non-subsidized MDHA sources. The nonfederal funds consisted of Documentary Surtax funds received by Miami-Dade County under state law. The transfer of County Surtax funds to subsidize the Section 8 Housing Choice Voucher Program violates state law because it is an impermissible use of those funds.

2) Violation of Sections 3(a), 8(c)(3), and 8(o)(5) of the United States Housing Act of 1937 and 24 C.F.R. § 982.516(a)

MDHA did not perform annual tenant recertifications in a timely manner. See Sections 3(a), 8(c)(3), and 8(o)(5) of the United States Housing Act of 1937, as amended, 42 U.S.C. §§ 1437a(a)(1), 1437f(c)(3) and (o)(5); 24 C.F.R. § 982.516(a). MDHA failed to conduct annual reexaminations of the family income of approximately 85% of its Section 8 program participants since 2005, or in some cases since 2003 and 2004. Because of this failure to conduct reexaminations, MDHA cannot assure HUD that its limited Section 8 funds were expended in accordance with the program requirements.

3) Violation of Section 8 ACC, Section 14(a) and 24 C.F.R. § 982.158(a)

MDHA has failed to maintain accurate books of account and records in accordance with HUD requirements. Pursuant to section 14(a) of the Section 8 ACC, MDHA "must maintain complete and accurate books of account and records for a program. The books and records must be in accordance with HUD requirements, and must permit speedy and effective audit." See also 24 C.F.R. § 982.158(a).

a) Annual Financial Statements Contained Material Accounting Errors

For each fiscal year from 2001 through 2005, MDHA has failed to prepare annual financial statements that are free from material accounting errors. For each of these years, MDHA has needed to record prior period adjustments (PPA) in its Section 8 Housing Choice Voucher program to correct errors in its previously issued financial statements. Specifically, MDHA reported a PPA of \$12,940,288 (representing a 535% adjustment) for FY 2001; MDHA reported a PPA of \$727,378 (representing a 25% adjustment) for FY 2003; MDHA reported a PPA of \$3,024,729 (representing a 42% adjustment) for FY 2004; and MDHA reported a PPA of \$2,547,190 (representing a 18% adjustment) for FY 2005. Additionally, in 2003, MDHA reported a PPA of \$488,990 (representing a 12% adjustment) from its FY 2002 unaudited financial statement balances, which balances were used because MDHA never filed audited financial statements covering FY 2002 that were accepted by HUD.

b) MDHA Improperly Reported Approximately \$6 Million Receivable Due From HUD  
 Additionally, in its 2005 audited financial statements, MDHA improperly reported a \$6.009 million receivable due from HUD for an ACC Reserve account deficit, which decreased to \$5.783 million in MDHA's 2006 unaudited financial statements, for which MDHA was on notice that it would not receive payment. The accounting errors distorted the true financial position of MDHA's Section 8 Housing Choice Voucher program.

c) MDHA's Voucher Management System Information is Inconsistent With Its Financial Statements

MDHA's reporting in the Voucher Management System (VMS) also does not match the MDHA's financial statements, and the differences are material. Voucher renewal funding is dependent on verifiable and complete data reported by the public housing agency in the VMS. MDHA's inaccurate reporting is extremely serious and may further adversely impact the financial viability of MDHA's HVC program, placing assisted families at risk.

d) MDHA has Failed to Account for Approximately \$6.3 million in HAP Funds

Finally, in fiscal year 2006, MDHA failed to account for approximately \$6.3 million of Federal funds. Based on budget authority provided by HUD less expenses reported by MDHA in the VMS, MDHA should have had a Housing Assistance Payment (HAP) surplus of \$17.8 million. But MDHA's unaudited financial statement for fiscal year 2006 identifies a total surplus of approximately \$14 million. HUD has determined that this amount includes a phantom receivable of approximately \$6 million, leaving a balance of approximately \$7.8 million in surplus HAP funds. Of the missing \$10 million (\$17.8 m - \$7.8), HUD has determined that \$3.7 million was improperly offset against prior year deficits, which leaves \$6.3 million for which MDHA has not accounted.

4) Violation of Section 8 ACC, Section 13(c) and HUD Notice PIH 2006-3.

Section 13(c) of the Section 8 ACC provides that the public housing agency may only withdraw deposited program receipts for use in connection with the program in accordance with HUD requirements.

HUD Notice PIH 2006-3, Reduction of Annual Contributions (ACC) Reserves, Rescission of Requirements Under Form HUD-52681 for Most Housing Choice Voucher Program Units, and Sanctions for Failure to Submit Required Financial Reports Pursuant to 24 C.F.R. § 5.801, issued January 11, 2006, expressly states that ACC reserve account deficits from 2004 and prior years shall not be paid from the Undesignated Fund Balance Account (now known as Unrestricted Net Assets - HAP) and will not be funded by HUD.

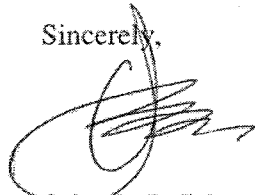
MDHA reported a deficit in HAP funds for the period October 1, 2004 through December 31, 2004 of \$2,016,716. MDHA eliminated \$1,719,183 of this deficit by using funding provided by HUD for the calendar year 2006 HAP, in violation of HUD requirements.

This letter constitutes HUD's notification to MDHA, under Section 15(a) of the Section 8 ACC that it is in default of its obligations to HUD under the Section 8 ACC. Although not required by the Section 8 ACC or HUD regulations, MDHA is hereby provided with 15 calendar

days from the date of this letter (i.e. until close of business May 9, 2007) to demonstrate that HUD's determination of default is not substantively accurate or to cure these violations. Please provide any response you may wish to submit to my office at the following address: Room 4100, 451 Seventh Street, S.W., Washington, D.C. 20410. Absent a satisfactory response from MDHA, HUD will avail itself of any options provided by statute, regulation, or the Section 8 ACC.

Please contact Milan M. Ozdinec, Deputy Assistant Secretary for Public Housing and Voucher Programs, if you have any questions regarding the above determinations. He may be reached at 202-708-1380.

Sincerely,

A handwritten signature in black ink, appearing to be "Orlando J. Cabrera", written over a horizontal line.

Orlando J. Cabrera

Enclosures via Overnight Delivery only





U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT  
WASHINGTON, DC 20410-5000

ASSISTANT SECRETARY FOR  
PUBLIC AND INDIAN HOUSING

VIA FACSIMILE AND OVERNIGHT DELIVERY

Hon. Carlos Alvarez  
Mayor  
Miami-Dade County, Florida  
Stephen P. Clark Center  
111 N.W. First Street  
Suite 2910  
Miami, FL 33128-1994

Hon. Chairman Bruno A. Barreiro  
Board of County Commissioners  
Miami-Dade County, Florida  
Stephen P. Clark Center  
111 N.W. First Street  
Suite 2910  
Miami, FL 33128-1994

Subject: Declaration of Substantial Default – Public Housing Annual Contributions Contract

Dear Messrs. Alvarez and Barreiro:

Pursuant to the United States Housing Act of 1937 ("the Act"), the Miami-Dade Housing Agency ("MDHA") entered into an Annual Contributions Contract ("Public Housing ACC") on February 2, 1996 with the Department of Housing and Urban Development ("HUD"). HUD hereby notifies MDHA that it is in substantial default of the Public Housing ACC.

Under Section 5 of the Public Housing ACC, MDHA must "develop and operate all projects covered by this ACC in compliance with all the provisions of this ACC and all applicable statutes, executive orders, and regulations issued by HUD." Accordingly, a violation of any applicable HUD statute or regulation is also a violation of the Public Housing ACC. Based on a review by the firm, Deloitte & Touche, LLP, a management review conducted by HUD, and other available information, HUD has determined that MDHA has violated both the specific provisions of the Public Housing ACC and the statutes and/or regulations that implement the Low Rent Public Housing, HOPE VI, and Capital Fund programs. The basis for this determination is set forth below.

1) Material Accounting Errors in Annual Financial Statements from 2001 to 2005

Section 15(A) of the ACC requires MDHA to "maintain complete and accurate books of account for the projects of the [MDHA] in such a manner as to permit the preparation of statements and reports in accordance with HUD requirements, and to permit timely and effective audit." Additionally, pursuant to section 9(C) of the ACC, MDHA must "maintain records that

identify the source and application of funds in such a manner as to allow HUD to determine that all funds are and have been expended in accordance with each specific program regulation and requirement.”

For each fiscal year from 2001 through 2005, MDHA has failed to prepare annual financial statements that are free from material accounting errors. For each year, MDHA has needed to record significant prior period adjustments (“PPA”) in its Low Rent Public Housing program to correct errors in its previously issued financial statements. Specifically, MDHA reported a PPA of \$84,016,869 (representing a 91% adjustment) for FY 2001; in 2004, MDHA reported a PPA of \$1,502,149 (representing a 25% adjustment) for FY 2003; MDHA reported a PPA of \$97,006 (representing a 1% adjustment) for FY 2004; and MDHA reported a PPA of \$909,668 (representing a 6% adjustment) for FY 2005. Additionally, in 2003, MDHA reported a PPA of \$76,451,702 (representing a 539% adjustment) from its FY 2002 unaudited financial statement balances, which balances were used because MDHA never filed audited financial statements covering FY+ 2002 that were accepted by HUD.

The persistent accounting errors distorted the true financial position of MDHA’s Low Rent Public Housing program and demonstrate that MDHA was not maintaining accurate books and records in accordance with HUD requirements. Because MDHA’s accounts were consistently in need of substantial restatement, they were insufficient to identify the source and application of funds in such a manner as to allow HUD to determine that all funds are and have been expended in accordance with each specific program regulation and requirement.

2) Allocation of Program Costs in Violation of 24 C.F.R. § 85.22

Pursuant to 24 C.F.R. § 85.22(b), MDHA is required to comply with the cost principles in Office of Management and Budget (OMB) Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*. Under OMB Circular A-87, each program that incurs costs, whether direct or indirect, must be ascribed an appropriate allocation of those costs. MDHA did not charge its direct costs and allocate its indirect costs in accordance with OMB Circular A-87. For example, MDHA did not report any operating costs for its HOPE VI program for fiscal years 2003 to 2006 in its Public Housing Assessment System electronic filings to HUD, or for its Capital Fund Program for fiscal years 2002, 2003, 2005 and 2006. However, during this time period, MDHA employed staff to administer its HOPE VI and Capital Fund programs and incurred expenses in association with those programs. MDHA failed to properly report costs associated with its HOPE VI and Capital Fund programs, resulting in distortion of those programs’ true financial position. This failure also violates Section 15(a) of the Public Housing ACC.

3) Failure to Account for HOPE VI Expenditures in Violation of 24 C.F.R. § 5.801

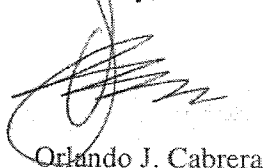
Under 24 C.F.R. § 5.801, *Uniform Financial Reporting Standards*, MDHA is required to submit financial information to HUD annually that has been “[p]repared in accordance with Generally Accepted Accounting Principles as further defined by HUD in supplementary guidance.”

MDHA did not maintain complete and accurate books of account for its Scott Homes, Carver Homes and Ward Towers HOPE VI redevelopment activities or prepare its financial statements in accordance with HUD requirements (i.e. GAAP). In both its fiscal year 2005 and 2006 financial statements, MDHA incorrectly reported "leasehold improvements" in its books of account, despite the fact that MDHA did not lease any property in connection with its HOPE VI program. Specifically, by the end of fiscal year 2006, MDHA had improperly capitalized the cumulative total of \$20 million as "leasehold improvements."

This letter constitutes HUD's notification to MDHA, under 24 C.F.R. § 902.79(b), that it is in substantial default of its obligations to HUD under the Public Housing ACC. Pursuant to 24 C.F.R. § 902.79(b)(1)(iv) and Section 17(D) of the Public Housing ACC, MDHA is hereby provided with 15 calendar days from the date of this letter (i.e. until close of business May 9, 2007) to demonstrate that HUD's determination of substantial default as to the Public Housing ACC is not substantively accurate or to cure these violations. Please provide any response you may wish to submit to my office at the following address: Room 4100, 451 Seventh Street, S.W., Washington, D.C. 20410. Absent a satisfactory response from MDHA, HUD will avail itself of any options provided by statute, regulation, or the Public Housing ACC.

Please contact Milan M. Ozdinec, Deputy Assistant Secretary for Public Housing and Voucher Programs, if you have any questions regarding the above determinations. He may be reached at 202-708-1380.

Sincerely,



Orlando J. Cabrera

Enclosures via Overnight Delivery only

**From:** Flynn, Michael C. [mailto:Michael.C.Flynn@hud.gov]  
**Sent:** Friday, May 04, 2007 2:22 PM  
**To:** Curry, Cynthia W. (CMO)  
**Subject:** RE:

Ms. Curry,

The May 9 deadline for responding to the Notice of Default letter is extended to May 16.

I will make inquiry regarding your request on the David Vargas letter.

Michael C. Flynn  
General Deputy General Counsel  
U.S. Department of Housing and Urban Development  
451 7<sup>th</sup> Street SW, Room 10110  
Washington, Dc 20410  
Phone: 202-708-2244  
Fax: 202-708-3389  
Email: Michael.c.flynn@hud.gov

---

**From:** Curry, Cynthia W. (CMO) [mailto:CWCURRY@miamidade.gov]  
**Sent:** Friday, May 04, 2007 2:11 PM  
**To:** Flynn, Michael C.  
**Subject:**

Mr. Flynn:

Please provide a written confirmation that the deadline for the responses to the letters of April 24<sup>th</sup> has been extended to May 16<sup>th</sup>. Please provide feedback on the response deadline for the letter from David Vargas to Kris Warren as well.

Thank you.

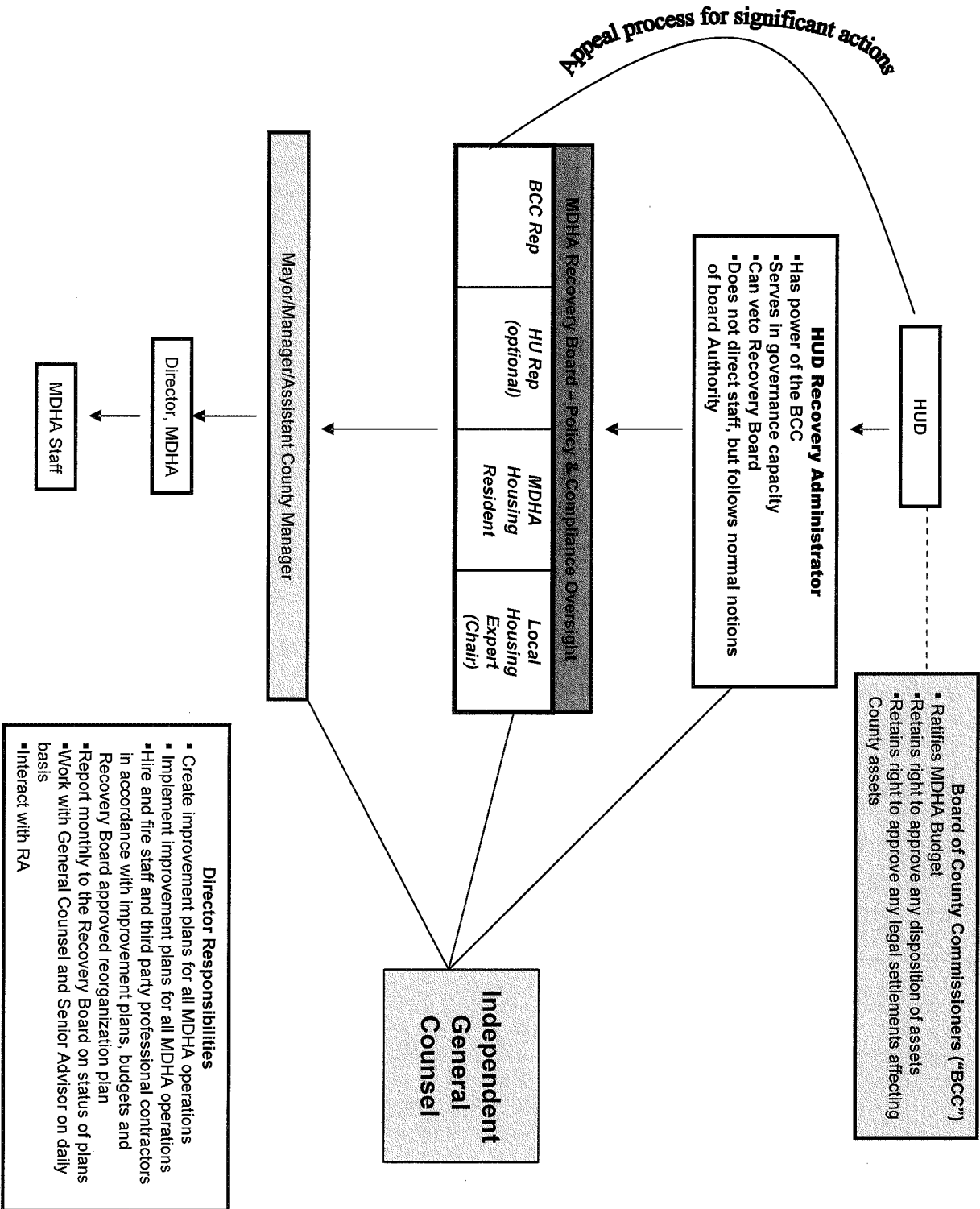
Cynthia W. Curry  
Senior Advisor to County Manager  
Assistant County Manager  
111 NW First Street, #2910  
Miami, FL 33128  
PH: 305-375-4126  
FAX : 305-679-7554  
[www.miamidade.gov](http://www.miamidade.gov)  
Delivering Excellence Every Day

## Oversight of Agency For Discussion Purposes Only

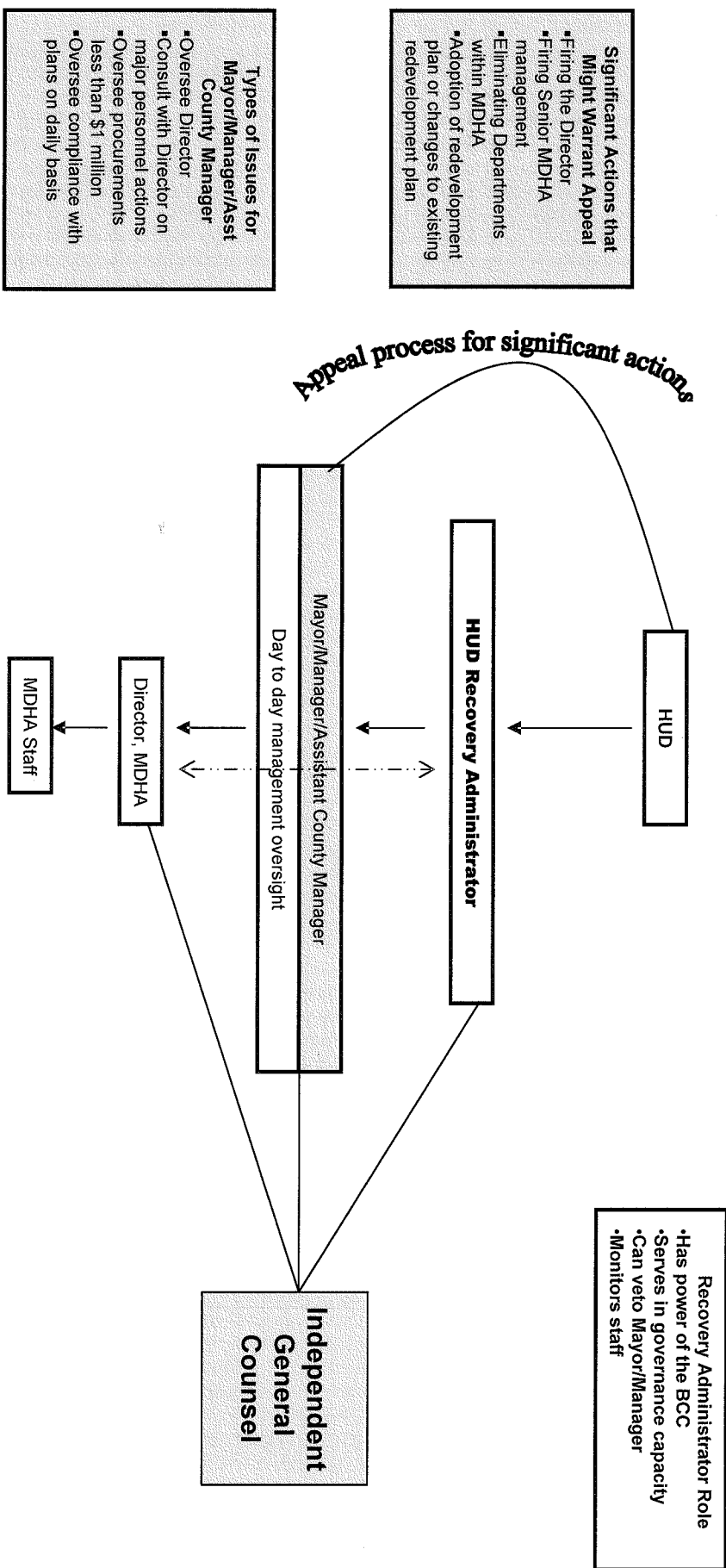
- Significant Actions that Might Warrant Appeal**
- Firing the Director
  - Firing Senior MDHA management
  - Eliminating Departments within MDHA
  - Adoption of redevelopment plan or changes to existing redevelopment plan

- Types of Issues for Recovery Board**
- Approve and monitor improvement plans for agency
  - Approve procurements over \$1 million
  - Approve and monitor MDHA budget
  - Approve new litigation pursued by MDHA or settlement of pending litigation
  - Receive monthly reports on achievement of milestones in improvement plans

- Types of Issues for Mayor/Manager/Asst County Manager**
- Oversee Director
  - Consult with Director on major personnel actions
  - Oversee procurements less than \$1 million
  - Oversee compliance with plans on daily basis



# Day-to Day of Agency For Discussion Purposes Only



ATTACHMENT J**Warren, Kris (MDHA)**

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**From:** Curry, Cynthia W. (CMO)  
**Sent:** Friday, May 11, 2007 1:53 PM  
**To:** 'Flynn, Michael C.'  
**Cc:** Johnson-Stacks, Cynthia (CAO); Smith, Terrence (CAO); Warren, Kris (MDHA); Burgess, George (CMO)  
**Subject:** RE: Exztension on Vargas letter

Mr. Flynn:

Thank you for the email regarding the time extension for our response to the Vargas letter.

I am just getting the opportunity to read emails today and doubt seriously that we will be able to comply with today's target date of working through the authority issue. We are, however, working on it and will get back to you as quickly as we can.

---

**From:** Flynn, Michael C. [mailto:Michael.C.Flynn@hud.gov]  
**Sent:** Friday, May 11, 2007 9:34 AM  
**To:** Curry, Cynthia W. (CMO)  
**Subject:** Exztension on Vargas letter

Confidential Work Product and Attorney-Client Communication

Ms. Curry,

Pursuant to our discussion at Wednesday's meeting, Miami-Dade Housing Authority may have the same extension to May 16 to respond to the David Vargas letter as it has on the Notices of Default. As we discussed, if agreement is reached today on the authority issue, we can discuss a further extension on those responses.

Michael C. Flynn  
General Deputy General Counsel  
U.S. Department of Housing and Urban Development  
451 7<sup>th</sup> Street SW, Room 10110  
Washington, Dc 20410  
Phone: 202-708-2244  
Fax: 202-708-3389  
Email: Michael.c.flynn@hud.gov



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT  
WASHINGTON, DC 20410-0500

May 11, 2007

GENERAL COUNSEL

Via facsimile (305) 375-5634

Terrence A. Smith, Esq.  
Assistant County Attorney  
Miami-Dade County, Florida  
Stephen P. Clark Center  
Suite 2800  
111 N.W. First Street  
Miami, FL 33128

Dear Mr. Smith:

This letter is a response to your request for further extension of MDHA's deadline to respond to the Notices of Substantial Default/Default issued by HUD on April 24, 2007. As you know, the Notices originally provided for a 15 day response period, which HUD has already extended by one week. HUD will not agree to extend the MDHA's response date beyond the current extension. Further delay by MDHA in responding to the very serious issues raised in the Notices is not in the best interests of the residents served by MDHA, or HUD, which is responsible for ensuring that federal funds are properly spent and accounted for.

HUD issued the Notices of Default due to its serious concerns about the management and oversight of MDHA. While those Notices generally reference the Deloitte Report and a report based on a subsequent review by HUD staff, it is clear that the violations identified in the Notice refer back to MDHA's own documents, most significantly MDHA's financial statements for the past several years. The descriptions of the violations are sufficiently specific and detailed to allow MDHA to review its files and determine whether the alleged violations are accurate.

If, implicit in MDHA's request, is the premise that it somehow cannot locate or review its own information to address HUD's Notices concerning MDHA management and oversight, that fact simply reinforces the fact that MDHA is not properly managing itself, and cannot track its own information. Such a situation simply reinforces the issues raised in HUD's notices and further points out the need for HUD to establish defaults and take available remedies to protect the residents who rely on MDHA.

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espanol.hud.gov



Further, your e-mail is incorrect when it asserts that HUD has agreed to produce the requested documents. In the discussions with MDHA's counsel and the Court, HUD agreed only that it would produce a FOIA-compliant Deloitte report on May 15 and a Vaughn Index on May 18, so that HUD would be producing only those documents for which an exemption does not apply.

Very truly yours,



Michael C. Flynn  
General Deputy General Counsel

cc: Assistant Secretary Orlando Cabrera  
John Herold, Esq.



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT  
WASHINGTON, DC 20410-0500

ATTACHMENT L

OFFICE OF GENERAL COUNSEL

May 14, 2007

Via E-Mail and Overnight Delivery

Miami-Dade County Mayor Carlos Alvarez  
Office of the Mayor  
Stephen P. Clark Center  
29th Floor  
111 N.W. 1<sup>st</sup> Street  
Miami, Florida 33128

Bruno A. Barreiro  
Chairman  
Miami-Dade County Board of County Commissioners  
Stephen P. Clark Center  
Suite 220  
111 N.W. 1<sup>st</sup> Street  
Miami, FL 33128

Dear Mayor Alvarez and Chairman Barreiro:

For weeks, the United States Department of Urban Development ("HUD") has attempted in good faith to negotiate with Miami-Dade County. In so negotiating, HUD has willingly compromised on a number of key points, stating publicly that there is only one non-negotiable point -- that a recovery administrator appointed by HUD to temporarily manage the Housing Authority for an agreed time period must have ultimate authority for full management control of the Authority. HUD has repeatedly made it clear that any recovery administrator would intend to keep the current management team of the Housing Authority in place reporting ultimately to the administrator. On at least two occasions, HUD Secretary Jackson has given Miami-Dade additional time to agree to that one condition while conceding several issues and being willing to negotiate all other issues.

HUD has engaged in these good faith negotiations in order for HUD to avoid a process that, if HUD were to finally determine that identified defaults in fact do exist, would allow HUD to demand title to the Housing Authority or to take possession of the Housing Authority for whatever time period HUD felt was necessary.

Miami-Dade has responded by repeatedly making "offers" that do not give the contemplated recovery administrator ultimate authority over the management of the Housing Authority. Instead, every "offer" from Miami-Dade has left such authority in the hands of the Mayor. As late as last Wednesday, when HUD representatives met with Miami-Dade representatives, the County again made an "offer" which would transfer no management control. The parties then agreed that Miami-Dade would have until last Friday to agree to that one issue so that negotiations on all other points could continue. Instead, on last Friday, HUD received an e-mail from the Deputy County Manager stating that Miami-Dade simply would not meet the agreed upon deadline, instead stating that Miami-Dade was "working on it".

Such continued posturing by Miami-Dade is not productive. HUD has repeatedly stated that it genuinely seeks to find a mutually agreed solution, with only the issue of the recovery administrator's authority being an absolute requirement. Even as to that point, HUD has offered to limit the term of the recovery administrator to eighteen (18) months, subject to certain identified goals being timely met (and with the 18 month period being shortened even more if the goals are met more rapidly). Additionally, at last Wednesday's meeting, Miami-Dade raised the possibility of an oversight board operating under the recovery administrator subject to the recovery administrator's ultimate authority. HUD is open to such an arrangement.

Miami-Dade has now apparently chosen not to continue the negotiations. In another effort at good faith by HUD, please find enclosed a draft CEA agreement along the lines that HUD has repeatedly discussed with Miami-Dade. The agreement provides for a temporary 18 month recovery administrator subject to identified targets and goals. The agreement contemplates that the recovery administrator would have full day-to-day management authority for the short time period he or she is in place. The Agreement sets forth a range of defined targets and goals during and after the recovery administrator's tenure. As HUD has made clear, the recovery administrator must have ultimate authority over day-to-day management. However, HUD invites Miami-Dade's comments and negotiations on all other aspects of the draft agreement.

HUD welcomes further discussions with Miami-Dade. If Miami-Dade continues to not address the key issue, HUD will take all steps necessary to fulfill its statutory and regulatory obligations. Please be reminded that while HUD has given several extensions of response times in the past, the responses to the Notices of Default remain due on May 16.

Very truly yours,



Robert M. Couch  
Acting General Counsel

cc: Assistant Secretary Cabrera (via e-mail)  
Members of Miami-Dade County Board of Commissioners (via e-mail)

## **COOPERATIVE ENDEAVOR AGREEMENT**

This Cooperative Endeavor Agreement ("CEA") is entered into this \_\_\_\_\_ day of \_\_\_\_\_ 2007, by and between Miami-Dade County ("County") and the United States Department of Housing and Urban Development ("HUD"). The signatories to this agreement are the duly elected Mayor of Miami Dade County ("Mayor") currently the Honorable Carlos Alvarez, the Miami-Dade County Board of County Commissioners by and through the Honorable Bruno Barreiro, currently Chairman of the Miami-Dade Board of County Commissioners ("Chairman"), and the Honorable Alphonso Jackson, Secretary of HUD ("Secretary").

### **RECITALS**

**WHEREAS**, HUD has determined and the County has acknowledged that the Miami-Dade Housing Agency (MDHA) is in substantial default and default of its contractual obligations to HUD, due to deficiencies in financial management and operation of its Low Rent Public Housing, HOPE VI, Capital Fund and Section 8 Housing Voucher Programs.

**WHEREAS**, despite recent efforts by the County to address deficiencies, the parties believe that additional steps are necessary to accelerate restoration of satisfactory management and operation of MDHA's programs. Toward this end, the parties have determined to establish a working relationship that will expedite a more aggressive and effective approach to improving MDHA's management and operations.

**WHEREAS**, the County and HUD both recognize and acknowledge that the problems at MDHA have developed over many years, are deep rooted, and that extraordinary levels of expertise and resources are now required to improve the management and operation of MDHA.

**WHEREAS**, HUD and the County acknowledge that HUD has authority under the United States Housing Act of 1937, implementing regulations, and the MDHA Public Housing and Section 8 ACCs to assume possession of MDHA's public housing and Section 8 Housing Choice Voucher (hereinafter "Section 8" or "HCV") programs.

**NOW, THEREFORE**, the County and HUD, in consideration for their mutual promises, agree to the following:

#### **A. COOPERATIVE ENDEAVOR GENERAL PROVISIONS**

1. The County shall take all necessary actions to facilitate HUD's possession of MDHA and achievement of the objectives of this Agreement, including but not limited to, timely pass-through of federal funds and resolution of MDHA personnel issues.
2. This CEA shall be signed on behalf of the County by the undersigned and returned to HUD within 10 days of receipt.

3. The Effective Date of this Agreement shall be the date it is executed by HUD ("Effective Date").
4. On the Effective Date, the County shall immediately transfer control of all MDHA assets, projects and programs to HUD. The Secretary appoints Donald J. LaVoy or such other person as the Secretary may designate from time to time, to fulfill duties as the Board of MDHA, with the title of Recovery Administrator.
5. The Secretary shall appoint the Recovery Administrator for a period of not more than eighteen (18) months (the "Receivership Period"), subject to paragraph F of this Agreement.
6. The Mayor and/or Board of County Commissioners, as they determine and at their option, may appoint an Advisory Board. The purpose of the Advisory Board is to provide input to the Recovery Administrator and not to engage in the day-to-day or any other management activity of MDHA.
7. The parties retain all rights and obligations under applicable statutes, regulations and the ACCs.
8. The parties to the Agreement shall meet or consult on an as needed basis.

**B. SPECIFIC ACTIONS TO BE PERFORMED PRIOR TO THE  
TERMINATION OF THE RECEIVERSHIP PERIOD**

The following actions shall be taken prior to the termination of the Receivership Period or such other longer time period as the Secretary, in his sole and exclusive discretion, determines is necessary for the performance of any individual task.

1. Prior to the termination of the Receivership Period, MDHA will take all necessary actions regarding Governance, Organization and Staffing, Financial Control, and Program Management of MDHA, as set forth in Attachment 1.
2. Prior to the termination of the Receivership Period, the County will pay, with non-MDHA funds, for the re-audit of MDHA's financial statements for FY2001-2006 by an auditor approved by HUD, create a permanent office of general counsel exclusively for MDHA, reimburse HUD for the cost of the Deloitte Forensic Investigation of MDHA, forgive any MDHA liability for repayment of County surtax funds, reimburse any and all MDHA cost overruns to date, guarantee repayment of any misused federal funds, and perform any additional tasks set forth in Attachment 1.
3. Prior to the termination of the Receivership Period, HUD will conduct Management Assessment Subsystem (MASS) confirmatory reviews of MDHA, will perform PASS inspections of all MDHA properties, will provide quarterly progress reports to the Mayor and County, and will perform any additional tasks set forth in Attachment 1.

### **C. SPECIFIC ACTIONS TO BE PERFORMED AFTER TERMINATION OF RECEIVERSHIP**

Following the Termination of Receivership, the County and MDHA shall maintain compliance with all ongoing or periodic obligations set forth in Attachment 1 that were implemented during receivership.

### **D. MODIFICATION OF AGREEMENT**

This Agreement may be modified by written agreement of the County and HUD.

### **E. INTEGRATION CLAUSE**

This Agreement shall express the entire agreement of the parties hereto, written or oral with respect to the subject matter hereof. If there is any conflict between this Agreement and a provision of any other existing agreement, the provisions of this Agreement shall prevail. Attachment 1 is incorporated into this Agreement and made a part hereof.

### **F. TERMINATION OF RECEIVERSHIP**

If, on or before eighteen months following the Effective Date or such other period as was determined necessary in accordance with paragraph B of this Agreement, the Secretary in his sole and exclusive discretion determines that the County and MDHA have adequately performed all of the actions set forth in this Agreement, then the Secretary shall return the oversight and control to the Board and the Recovery Administrator's duties as a receiver shall cease; however, this Agreement shall remain in full force and effect until rescinded as provided herein.

Once control has reverted back to the Board as set forth herein, the Secretary shall review the County and MDHA's progress every 90 days commencing from the date that the Board resumes control of MDHA until the termination of the Agreement in accordance with Section G of this Agreement.

### **G. TERMINATION OF AGREEMENT**

This Agreement shall terminate eighteen months after the termination of the receivership, provided the Secretary in his sole and exclusive discretion finds that 1) all of the specific actions listed in Attachment 1 have been completed or the necessary processes required in Attachment 1 have been implemented and maintained, and 2) MDHA is otherwise in compliance with the ACCs. If the Secretary finds that MDHA has not yet met either of these requirements, the Secretary shall reassess compliance following each 90-day review provided for in Section F of this Agreement.

## **H. SEVERABILITY**

If any part of this Agreement is found to be contrary to law, that part may be severed from the Agreement and the remainder of the Agreement shall remain in full force and effect. The remaining Agreement shall be construed as far as is lawful and practicable to enforce the overall intent of the original Agreement.

## **I. DEFAULT**

If HUD determines that any of the terms of this agreement have been violated, the agreement may be deemed null and void and HUD may exercise any and all such rights and remedies as available under Federal law and regulation. Notwithstanding any other provision in this Agreement, if the Secretary, in his sole and exclusive discretion, determines at any time that MDHA has failed to cooperate with HUD in the implementation of this Agreement in any material respect, the County agrees to transfer such right, title and/or possession of all property owned or controlled by MDHA, including but not limited to federal funds, all real and personal property, all pension amounts and all other property belonging to MDHA, to any entity that the Secretary directs, upon request by the Secretary.

Notwithstanding any other provision in this Agreement, if, at any time after the termination of receivership, the Secretary in his sole and exclusive discretion, determines that MDHA has failed to perform any or all of the requirements set forth in this Agreement, the County agrees to transfer such right, title and/or possession of MDHA as the Secretary determines necessary, upon request by the Secretary. Such a determination may result in the transfer of possession and the designation of a Recovery Administrator, or the transfer all property owned or controlled by MDHA, including but not limited to federal funds, all real and personal property, all pension amounts and all other property belonging to MDHA, to any entity that the Secretary directs.

## **J. APPLICABILITY OF FEDERAL LAWS AND REGULATIONS.**

Nothing herein shall be construed to relieve the County and/or MDHA in any manner whatsoever from its obligations to comply with federal law, regulations and contracts; Waivers of regulations that have been or will be granted shall not be deemed to amend or otherwise affect this Agreement.

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Alphonso Jackson  
Secretary, Department of Housing and Urban Development

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Date

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**Carlos Alvarez**  
**Mayor, Miami-Dade County**

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**Date**

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**Bruno Barreiro**  
**Chairman, Miami-Dade Board of County Commissioners**

---

**Date**



## ATTACHMENT 1

Targets and Strategies	Estimated Completion Date
<b>I. GOVERNANCE</b>	Completion Dates are ongoing unless otherwise specified
<b>A. Establish adequate oversight and monitoring by the Board of Commissioners</b> <ol style="list-style-type: none"> <li>1. <u>Adequately train all Commissioners.</u> Provide training for Commissioners regarding best practices as a Board and their role and responsibility in the oversight of MDHA federal programs. Training should include but not be limited to the following areas: Safety &amp; Risk Management, Planning and Budgeting, Financial Requirements, Ethics, Asset Based Management, and Procurement.</li> <li>2. <u>Adequately delegate oversight and monitoring.</u> Delegate responsibility to sub-committee(s) comprised of MDHA Board of Commissioners to provide oversight and monitoring of reports and activities of MDHA, this sub-committee will serve as advisory during the term of the receivership.</li> <li>3. Ensure monitoring of progress under the PHA Plan by the Board of Commissioners.               <ol style="list-style-type: none"> <li>a. Develop and implement a process for reviewing monthly, quarterly and annual progress.</li> <li>b. Develop monthly report format to be submitted and approved by HUD.</li> <li>c. The Board will report to HUD monthly in a format approved by HUD on their specific actions taken to comply with provisions of the Plan annotating successful completion of tasks.</li> </ol> </li> <li>4. Specify and approve all activities of the MDHA that relate to Miami-Dade County, its affiliates, or the Miami-Dade Housing Agency Development Corporation (MDHADC) in the MDHA's PHA Plan, as well as any other affiliate, business entity, subsidiary created by the County.</li> <li>5. Ensure PHA plan is current, including without limitation:               <ol style="list-style-type: none"> <li>a. Revise the PHA plan if necessary to comply consistent with State and local law and MDHA's by-laws. In addition, the County shall pass charter amendments that will allow for the necessary changes to the by-laws to enable such changes.</li> <li>b. Obtain HUD approval for any revisions to the PHA plan.</li> </ol> </li> <li>6. Review and approve operating budget for MDHA and monitor budgeted expenses in relation to actual expenses on a monthly basis, including any changes to the budget.</li> <li>7. Maintain an executed Conflict of Interest Statement for each Commissioner, as needed, but at a minimum on an annual basis.</li> </ol>	<p style="text-align: center;">During Receivership Period</p> <p style="text-align: center;">Commencing upon the termination of receivership</p>
<b>B. Resident Participation</b> <ol style="list-style-type: none"> <li>1. Establish resident participation on the Board in an advisory Capacity.</li> <li>2. Conduct Resident Satisfaction Surveys during the first eighteen (18) months of the Cooperative Endeavor Agreement</li> </ol>	<p style="text-align: center;">7/31/07</p> <p style="text-align: center;">10/31/07</p>
<b>C. Relationship to the County.</b>	7/31/07

<ol style="list-style-type: none"> <li>1. Execute a Cooperative Agreement, not to be confused with the CEA, between MDHA and the County of Miami-Dade which covers:               <ol style="list-style-type: none"> <li>a. baseline services (e.g. police services, water, sewer, trash collection, fire protection, ambulance/emergency services etc.).</li> <li>b. that MDHA shall not pay any Payment in Lieu of Taxes (PILOT), and further that any other such similar payments made to the County shall be reimbursed to MDHA from non-MDHA funds.</li> <li>c. In addition, no administrative fees, overhead fees , IT fees, or any other such fees should be paid to the County or any subdivision of the county from federal funds, if any such payments have been made they must be reimbursed to MDHA from non-MDHA funds..</li> </ol> </li> <li>2. Cooperative Agreement will include a tracking system to measure baseline services.</li> <li>3. The County must reimburse MDHA, from non-MDHA funds, for any payments (e.g. for administrative or IT costs) made in excess of PILOT for the period 2001-present.</li> </ol>	12/31/07
<b>D. Relationship with HUD.</b> <ol style="list-style-type: none"> <li>1. Immediately comply to all reasonable written, verbal and other requests by the Recovery Administrator (RA) or HUD Staff. If the County asserts that any request by the RA or HUD staff is unreasonable, the Secretary and/or his designee shall decide how the County shall comply and the deadline by which the County shall comply.</li> <li>2. Develop and implement adequate procedures to assure general liability claims are tracked and submitted to HUD Regional Counsel for approval.</li> </ol>	7/31/07
<b>E. Have County provide legal opinion of MDHA's authority to use Surtax funds as a grant to supplement Federal programs, also have County provide legal opinion of MDHA's authority to use Surtax funds as a loan to supplement Federal programs.</b>	6/30/08
<b>F. Oversight of MDHADC. The County must provide to HUD audits of the MDHADC for each of the past five reporting periods and for each fiscal year in the future, which shall be paid for with non-MDHA funds.</b>	
<b>II. ORGANIZATION AND STAFFING</b>	
<b>A. Review and revise overall organizational structure for consistency with Asset Based Property Management implementation and development of decentralized cost centers.</b> <ol style="list-style-type: none"> <li>1. Within three months from the Effective Date, the MDHA shall procure professional services of consultant firms to conduct organizational assessment of MDHA with focus on functional capability.</li> <li>2. Based on this report, MDHA shall provide an adequate staffing plan for managing its public housing and HCV programs. The plan must include comparable staffing levels to PHAs of similar size and address the necessary skills to perform this</li> </ol>	<div>8/31/07</div> <div>10/31/07</div>

<p>function.</p> <ol style="list-style-type: none"> <li>3. Develop and implement a plan for the decentralized functions into individual cost centers consistent with Asset Management.</li> <li>4. Provide staff with training for Asset Management and development of Asset Managers.</li> <li>5. Develop and implement position descriptions and performance standards consistent with transition to the Asset Management model.</li> </ol>	
<p><b>B. Ensure positions are staffed appropriately.</b></p> <ol style="list-style-type: none"> <li>1. Ensure that all MDHA personnel actions of have prior HUD approval.</li> <li>2. Hire qualified and trained occupancy, management, inspectors and maintenance staff.</li> </ol>	Ongoing
<p><b>C. Provide adequate training of staff.</b></p> <ol style="list-style-type: none"> <li>1. Develop and implement training requirements for all and staff, and establish both an overall and individual training plan to ensure employees are properly trained. Training areas should include: <ol style="list-style-type: none"> <li>a. general administrative</li> <li>b. computer training</li> <li>c. ethics</li> <li>d. SEMAP</li> <li>e. PHAS</li> <li>f. Asset Management</li> <li>g. procurement</li> <li>h. contract administration</li> <li>i. cost principles</li> <li>j. uniform grant administration requirements</li> <li>k. and other HUD program specific trainings</li> </ol> </li> <li>2. Complete training needs assessment relating to business skills and HUD program requirements, for position retention purposes.</li> <li>3. Establish benchmarks for all-staff training, and set a schedule, which must be approved by HUD.</li> <li>4. Develop and implement individual training plans for staff, using all-staff training benchmarks and individual performance goals.</li> <li>5. Develop and maintain a current reference library inclusive of training material.</li> </ol>	<p>10/31/07 – Ongoing</p> <p>10/31/07</p> <p>10/31/07</p> <p>1/31/08</p> <p>7/31/07</p>
<p><b>D. Ensure adequate management and supervision of staff.</b></p> <ol style="list-style-type: none"> <li>1. Hold at a minimum, monthly staff meetings to keep staff abreast of changes to administrative processes and policy.</li> <li>2. Develop and implement a plan for implementation of site-based management inclusive of operational policies and procedures manual for all agency departments.</li> <li>3. Consolidate Section 8 program operations, private rental housing service administrative offices, HQS inspections office and the new markets applicant leasing center.</li> </ol>	
<p><b>E. Conduct a comprehensive, PHA-wide needs assessment, either in-house or by a consultant, to determine what improvements, if any, are needed for the current MDHA systems. Project needs for the next 5 years. Prepare a 5-Year Management Information</b></p>	10/31/07

System Plan as necessary. Update computer systems.	
<b>III. PROCUREMENT</b>	
<p><b>A. Develop and implement adequate procurement policies</b></p> <ol style="list-style-type: none"> <li>1. Develop and implement an adequate Procurement Policy based on the requirements of 24 CFR 85.36, the <i>Procurement Handbook for Public and Indian Housing Authorities 7460.8 Rev 1</i>, incorporating Florida state procurement law, to ensure the most stringent policy possible, and assure full and open competition. Policy must include:               <ol style="list-style-type: none"> <li>a. a provision that all procurement actions exceeding \$99,999 will require prior written HUD approval.</li> <li>b. procedures that require written justifications of the ranking scores given;</li> <li>c. procedures that require a price negotiation memorandum be prepared, summarizing the results of any negotiations, and documenting the basis for the Authority's award decision;</li> <li>d. a requirement that file documentation on all contracts contains a cost or price analysis demonstrating price reasonableness, including contract modifications, as required by HUD regulations at 24 CFR 85.36(f)(1) and/or;</li> <li>e. a requirement that when multiple or option year contracts are procured, the length of the contract term is clearly stated in the advertisement and bid package prepared for the procurement;</li> <li>f. a requirement that both the contract award decision and reasonableness of price are justified for all procurement transactions in accordance with 24 CFR 85.36(f)(1);</li> <li>g. a Verification that all practices and procedures adhere to the requirements of 24 CFR 85.36(c) and Handbook 7460.8, Rev. 1.</li> </ol> </li> <li>2. Revise and implement non-competitive proposal procurement practices.               <ol style="list-style-type: none"> <li>a. Require that contracts awarded include the same terms as those advertised.</li> <li>b. Require that contingency dollar amounts are not included up front in a contract award or amendment.</li> </ol> </li> <li>3. Submit to HUD draft policies for review and approval.</li> <li>4. Develop and implement an annual, agency-wide procurement plan, in accordance with agency procurement policy and 24 CFR 85.36. (<i>annual renewable report</i>) Submit a draft of the procurement plan to HUD for review and approval.</li> <li>5. Develop and implement a new comprehensive Procurement Procedures and Practices Manual to ensure that all MDHA procurement actions conform to the new MDHA Procurement Policy and are in compliance with 24 CFR 85.36, Handbook 7460.8 Rev 1 and Florida State Law and to assure full and open competition.</li> <li>6. Develop and submit a monthly Procurement Status Report. (Include name, cost, start date, percentage completion, est. completion date, change orders.</li> </ol>	<p>10/31/07</p> <p>10/31/07 1/31/08 10/31/07</p> <p>10/31/07</p> <p>7/31/07</p>

<p>7. Monitor and evaluate MDHA procurement performance to assure full and open competition in procurement</p> <p>8. Submit monthly Quality Control report to HUD in a format approved by HUD.</p> <p>B. Develop and implement adequate procedures to assure general liability claims are tracked and submitted to HDU Regional Counsel for approval.</p>	Monthly thereafter
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## IV. FINANCIAL CONTROLS

<p><b>A. Present Financial Information to HUD PHAS / UFRS in conformity with GAAP.</b></p> <p>1. Contract for and complete the research and valuation of fixed assets, for fiscal years 2001 through 2007.</p> <p>2. Maintain Tenant Receivables Outstanding on an aging basis (Average number of days tenant receivables are outstanding; the gross tenant accounts receivable at year-end divided by the total tenant revenue)</p>	<p>Ongoing-9/30/07 6/30/08</p> <p>7/31/07</p>
<p><b>B. Develop and implement a system of financial internal controls. The system of internal controls must provide for the following assurances:</b></p> <p>1. Capital assets are accounted for in conformity with GAAP;</p> <p>2. Asset impairments and impairment losses are recognized in conformity with GAAP;</p> <p>3. Investments in leased property are reported in conformity with GAAP;</p> <p>4. The entity's involvements in conduit debt obligations are reported in conformity with GAAP;</p> <p>5. Outstanding pension liabilities are reported in conformity with GAAP;</p> <p>6. Component unit activities are reported in conformity with GAAP;</p> <p>7. Supplemental financial data is reported in accordance with HUD requirements;</p> <p>8. Activities associated with the HOPE VI Program are reported in conformity with its grant agreements, GAAP and HUD requirements;</p> <p>9. Payments made in the HCVP are for the approved contract amount; and</p> <p>10. Sufficient documentation is maintained to support MDHA's PHAS Management Operations certification.</p> <p>11. Develop and implement a system of Internal Controls over payments and/or disbursements made to MDHADC to provide reasonable assurance that disbursements are accurate and in conformance with HUD requirements and any state or local law.</p> <p>12. Develop and implement a system for the allocation of Costs, to conform to OMB Circular A-87, Allocable Costs/Cost Principles. Develop and implement a plan for transitioning from cost allocation plan to fee-for-service under Asset Management.</p> <p>13. Develop and implement a system of Internal Control over payments made in the Section 8 Housing Choice Voucher Program to provide reasonable assurance that disbursements are for the approved Contract amount.</p> <p>a. Correct any and all accounting errors in the Housing Choice Voucher program including approximately \$7.1 million in receivables from HUD</p>	<p>6/30/08 – Ongoing</p> <p>7/31/07</p> <p>9/30/07</p> <p>6/30/07</p> <p>Ongoing</p>

<p>incorrectly reported in fiscal year 2005 and approximately \$6 million in receivables from HUD incorrectly reported in fiscal year 2006.</p> <p>b. Reconcile VMS data to restated financial statements through fiscal year 2006 and establish proper controls to maintain accurate data in VMS thereafter.</p>	
<p><b>C. Obtain adequate and accurate financial statement audits.</b></p> <p>1. Provide restatement of financials for fiscal years 2004 through 2006, except that the RA may, in his sole and exclusive discretion, require such general and/or limited audits as the RA decides are necessary to create a baseline for MDHA or any federal program administrated by MDHA.</p> <p>a. Engage IPA approved by HUD to perform re-audits of fiscal years 2001 through 2006</p> <p>b. Submit audit reports and FASS certifications to HUD for review and approval within 15 days from the date of completion of each of the respective audits.</p> <p>c. The re-audits shall be addressed to the County and paid for with County funds.</p> <p>d. The funding for payment of the re-auditing that is required herein must be approved by the County no later than thirty (30) days after the Effective Date,</p> <p>e. MDHA must resubmit all re-audited financial statements to HUD no later than December 31, 2007.</p> <p>2. Engage IPA approved by HUD for financial statement audits.</p>	<p>12/31/07</p> <p>Ongoing</p>
<p><b>D. Provide General Depository Agreements for all financial institutions.</b></p>	<p>7/31/07</p>
<p><b>E. Budget</b></p> <p>1. Prepare and have approved by the RA during the period of receivership, and the Miami-Dade County Board of Commissioners thereafter, balanced operating budgets for each Federal awards program for all fiscal years covered by this Plan, which are prepared at the program and project level.</p> <p>2. Submit budgets to HUD no later than 75 days prior to the PHA's fiscal year beginning date.</p> <p>3. Do not incur any operating expenditures except pursuant to those budgets.</p> <p>4. Provide RA during period of receivership and the Board thereafter with monthly report that compares budgeted expenses to actual expenses and receive RA approval during the period of receivership and, thereafter, Board approval for all budget variations.</p> <p>5. In the event that unbudgeted expenditures are incurred in emergencies to eliminate serious hazards to life, health and safety, amend the operating budget according</p> <p>6. In addition, for fiscal year 2007:</p> <p>a. MDHA shall provide HUD with a balanced budget for all federal accounts with specific description of sources and uses of funds and provide actual expenditures through 5/31/07 against the approved balanced budget no later than 6/15/07.</p> <p>b. No later than the 15th of the month, MDHA must provide to HUD</p>	<p>7/15/07</p> <p>7/15/08</p> <p>Ongoing</p> <p>FY2007</p>

monthly reports comparing budget to actual expenditures for the preceding month and cumulative to date for the fiscal year, as well as any approved changes to the budget.	
F. Maintain Net Income/Loss Ratio by analyzing income and expenses to assure a balanced budget or positive cash flow, revise budget as necessary.	7/31/07
G. Correct any and all existing errors in the HOPE VI and Capital Fund Program (CFP) Capital Assets general ledger accounts. Specifically, identify all administrative ("soft costs") that have been incorrectly capitalized to MDHA's general lender Capital Asset accounts. Reclassify any and all loans amounts, land acquisitions, any demolition costs, real property purchased or sold, and any improvements to real property so those entries conform to GAAP and reflect the mixed finance agreements in place for Scott/Carver Homes and Ward Towers.	6/30/07
<b>V. PROGRAM MANAGEMENT</b>	
A. Improve timeliness of evictions, effectiveness of write-off policies, use of home visits, and repayment agreements.	10/31/07
<b>B. Occupancy.</b> <ol style="list-style-type: none"> <li>1. Develop and implement tracking method to determine occupancy loss. (One, minus unit months leased divided by unit months available).</li> <li>2. Develop and implement marketing strategies to increase occupancy, and improve collections.</li> </ol>	3/31/07
<b>C. Expense Management/Utilities.</b> Develop and implement tracking method to determine operating expenses, including, without limitation, utility expenses: <ol style="list-style-type: none"> <li>1. Analyze spending patterns and develop and implement recommendations for cost-cutting strategies.</li> <li>2. Make certain that withdrawals are not made for specific Federal award programs in excess of the funds available on deposit for that program. Discontinue the practice of deficit spending.</li> </ol>	3/31/07  7/31/07 Ongoing
<b>D. Develop and implement a procedure or system to accurately track unit turnaround time.</b> <ol style="list-style-type: none"> <li>1. Develop and implement procedures for identifying and documenting key dates (date vacated, date to maintenance, date returned to leasing, lease-up date, and any exempt dates). Submit a draft copy to HUD for comment and approval.</li> <li>2. Establish standards for each phase of the turnaround process aimed at an average turnaround time of 30 days or less; submit a draft copy to HUD for comment</li> <li>3. Develop and implement a vacant unit turnaround log that tracks all critical dates</li> <li>4. Maintain file documentation for exempted units, such as fire damage, mod units deprogrammed, etc., showing dates.</li> <li>5. Begin to submit Vacant Unit Turnaround Log to Board and HUD monthly</li> </ol>	7/31/07
<b>E. Identify and resolve problems in the unit turnaround process that cause units to exceed the 30 day standard:</b> <ol style="list-style-type: none"> <li>1. Analyze data for all units vacant more than 30 days; identify reasons for delays in</li> </ol>	7/31/07

<p>all three phases of turnaround time; submit copy to HUD and comply with all HUD directives in connection with remedying any delays.</p> <p>2. Develop and implement plans, with specific tasks, responsible parties and due dates, for addressing the top five reasons for delays in down time, and submit copy to HUD.</p>	
<p><b>F. Develop and implement written policy and procedures for a program-wide quality control process.</b></p> <p>1. Develop and implement a Quality Control policy, including integration of unit make-ready data and submit to HUD for comment and approval.</p> <p>2. Develop and implement draft detailed procedures, for each department and submit to HUD for review and approval.</p> <p>3. Present to Board for adoption.</p> <p>4. Issue finalized policy and procedures to staff in a memo, with an effective date, provide staff training and implement.</p> <p>5. Update and revise outdated and obsolete forms.</p> <p>6. Submit copies of quarterly QC reports to HUD for comment. (Due 60 days after each quarter)</p> <p>7. The Board shall contract for comprehensive assessments of the Housing Choice Voucher Program. The selected contractor is subject to HUD approval.</p>	<p>7/31/07</p> <p>Quarterly reporting Begins 10/31/07 10/31/07</p>
<p><b>G. Review the Admissions and Continuing Occupancy (ACOP) and Administrative Plan to insure that it conforms to current HUD guidance and revise as necessary:</b></p> <p>1. Ensure that all references to HUD regulations, as amended or other guidance are correct.</p> <p>2. Resolve any conflicts between the existing ACOP and current PHA Plan regarding the structure of the waiting list.</p> <p>3. Revise to include program and regulatory requirements (charges to administrative fee reserve, LEP, VAWA, college student admissions, definition of independent student, verification hierarchy).</p>	<p>7/31/07</p>
<p><b>H. Ensure that the waiting list accounts for all relevant factors (e.g. income tier, preferences, date and time of application) when placing applicants on the list, so that the list accurately reflects MDHA's policies.</b></p>	<p>7/31/07</p>
<p><b>I. Establish and implement procedures to ensure that tenants' income and assets are properly verified and files are properly documented:</b></p> <p>1. Obtain 3<sup>rd</sup> party verification of income and assets whenever possible; use EIV.</p> <p>2. When 3<sup>rd</sup> party verification is not available, document the reason in the file.</p> <p>3. Document each file to show how income and assets were calculated and that all categories of income and assets were considered.</p> <p>4. Implement supervisory controls to monitor performance and ensure compliance.</p> <p>5. Train staff on documentation and verification procedures.</p> <p>6. Establish a process, including an independent quality assurance process, to ensure that tenant information is submitted in PIH Information Center (PIC) timely and</p>	<p>7/31/07</p> <p>Ongoing Ongoing Ongoing</p> <p>7/31/07</p>



<p>accurately.</p> <p>7. Review 100% of its tenant files to ensure:</p> <ol style="list-style-type: none"> <li>that all families in MDHA's program have been re-certified within the last year,</li> <li>that the proper HAP has been computed for these families,</li> <li>that the PIC reporting is timely and accurate.</li> </ol>	
<p><b>J. Develop and implement utility consumption data in accordance with 24 CFR 965, Subpart E.</b></p> <ol style="list-style-type: none"> <li>Obtain current utility rate data and update current utility allowances and submit draft to HUD for review.</li> <li>Retain documentation supporting calculation for review by residents and HUD, including all surcharges and allowances paid, and updates.</li> </ol>	<p>7/31/07</p> <p>Ongoing</p>
<p><b>K. Develop and implement a comprehensive, new Maintenance Plan (with practices and procedures) to include a detailed analysis/rationale of the relationship between central maintenance functions and the maintenance functions at each development and a quality control system.</b></p>	<p>10/31/07</p>
<p><b>L. Modify existing or purchase an integrated, automated Work Order and Inspections System that can handle the complexity of the MDHA portfolio and will be useable by management to assess and control the maintenance accomplishments of each property and MDHA as a whole.</b></p> <ol style="list-style-type: none"> <li>Identify Housing Managers work order systems parameters.</li> <li>Modify or procure work order system.</li> </ol>	<p>10/31/07</p> <p>8/31/07</p> <p>10/31/07</p>
<p><b>M. Implement Work Order and Inspection System</b></p> <ol style="list-style-type: none"> <li>Ensure that all Exigent Health &amp; Safety (EH&amp;S) violations are remedied, abated, or corrected and that work orders are created and tracked for each occurrence of EH&amp;S violations.</li> <li>Identify all EH&amp;S violations as Priority Code 1, Emergency per the Maintenance Plan.</li> <li>Abate or complete all EH&amp;S emergencies in 24 hours.</li> <li>Schedule periodic quality control review of Work Orders System by the MDHA managers/agents. <ol style="list-style-type: none"> <li>Establish quality control (QC) standards and sampling rates for managers.</li> <li>Initiate QC reviews.</li> <li>Review as part of quarterly management meetings.</li> </ol> </li> </ol>	<p>1/31/08</p> <p>Ongoing</p>
<p><b>N. Ensure that the HUD inspection requirements are adequately conducted and recorded in accordance with HQS, UPCS and local building code requirements.</b></p> <ol style="list-style-type: none"> <li>Ensure inspection form includes HQS, UPCS and local building code.</li> <li>Ensure that the total number of emergency and non-emergency work orders and the total days to complete work orders are fully supported by the underlying records.</li> </ol>	<p>Ongoing</p> <p>6/30/07</p> <p>7/31/07</p>
<p><b>O. Reconcile unit counts in the 3 databases, i.e., Finance, UPCS Inspection Department and PIC (pending correction of the data on PIC).</b></p> <ol style="list-style-type: none"> <li>Develop and implement a method for establishing a final, correct number – using</li> </ol>	<p>7/31/07</p>

what is on the ground.	
2. Establish the correct number, and make appropriate adjustments to databases, as appropriate, with needed justifications to the files.	10/31/07
3. Make any needed ACC amendments, and releases of Declarations of Trust.	10/31/07
<b>P. Increase customer satisfaction based on the results of the Board conducted Customer Satisfaction Survey which will be done pursuant to Section I.B.2 above. [Reference 24 CFR Part 984; PIH Notice 93-23]</b>	10/31/07
1. Analyze the results of any survey that is conducted to determine areas of weakness and strength.	1/31/08 4/30/08
2. Develop and implement a Follow-Up Plan [survey for FYE 3/31/06], and submit a copy to HUD. Address identified weaknesses and build on strengths. Ensure the Plan includes the areas of Maintenance and Repairs, Communication; Safety; and Neighborhood Appearance. Seek input from resident leadership and resident groups. Include a data collection process for on-going measurement of the level of customer satisfaction.	Ongoing 10/31/08
3. Conduct follow-up resident satisfaction survey to compare results with original survey.	
<b>Q. Capital Needs</b>	10/31/07
1. Contract for independent capital needs assessment of all MDHA properties.	
2. Include in one year and five year plans actions, resources and sources of funding to address identified needs.	7/15/08
3. Quarterly reports to Board and HUD on accomplishments and progress.	Ongoing
4. Provide accounting of how MDHA has utilized disaster grant received in 2006.	7/31/08
<b>R. Comply with 5 year energy audit requirements. Incorporate results of Energy Audit in five-year plan.</b>	10/31/07 7/15/08
<b>S. Comply with environmental requirements</b>	Ongoing 10/31/07
1. Provide documentation to show requirements have been met for all open CFP programs	
2. Establish and implement procedures to ensure completion of an environmental assessment for all current and future construction/modernization projects.	
3. Update Environmental Assessment annually as needed.	
<b>T. Review the current approved Revitalization Plan ("RP"), approved on September 13, 2004, to create 419 units.</b>	7/31/07
1. Confer with HUD and local stakeholders for purposes of clarifying or revising HOPE VI revitalization plans, goals and objectives.	
2. Determine whether current approved RP should be implemented or revised.	
3. If the MDHA goes forward with a plan to increase the number of public housing units, it will need to request such a change in a revised RP for HUD approval.	
a. The revised RP shall be submitted within 90 days of the Effective Date of this Agreement, including the timeline and the projection of leveraged funds.	
b. The Rental Term Sheet for the next phase shall be submitted within 90 days of HUD's approval of the revised RP.	

<p>4. Submit revised RP to HUD for approval (including the following):</p> <ul style="list-style-type: none"> <li>a. A narrative description of all phases and the types and numbers of units to be developed in each phase;</li> <li>b. A Total Development Cost (TDC) calculation for the entire project, inclusive of all of the phases being proposed and accounting for the \$16 plus million that MDHA has already drawn down;</li> <li>c. A detailed total project budget that includes projected sources and uses for every phase;</li> <li>d. A detailed HOPE VI budget using Form HUD-52825-A, Parts I and II;</li> <li>e. A project schedule including all major milestones for predevelopment and development activities (Refer to the previously used HOPE VI Quarterly Report as a guide) and at a minimum, milestones for start and completion of construction for each phase;</li> <li>f. A preliminary site plan and preliminary design plans;</li> <li>g. A cost allocation plan reflecting all administrative staff charged to the HOPE VI budget, roles and responsibilities, amount of time spent and proration of their salaries.</li> <li>h. Confirmation of support of public housing residents, the neighborhood and important community groups.</li> </ul> <p>5. HUD will review and analyze the revised RP to determine if it is sound, financially feasible, consistent with the needs of the community, in compliance with the provisions in the Safe Harbor/Cost Control Standards, within TDC and Housing Construction Costs, and meets other HOPE VI and public housing requirements. HUD will approve the revised RP or request that additional changes be made.</p> <p>6. Submit rental/homeownership term sheets for first phase including the following:</p> <ul style="list-style-type: none"> <li>a. project and financing overview,</li> <li>b. proposed partners,</li> <li>c. operating pro forma,</li> <li>d. cost estimate and schedule,</li> <li>e. final unit mix</li> <li>f. summary project and budget</li> <li>g. project plans</li> <li>h. and other items included in mixed-finance proposal.</li> </ul> <p>7. MDHA will submit an application for disposition approval in accordance with the approved Revitalization Plan.</p> <p>8. Establish an Advisory Board for the HOPE VI programs, which provides a workable organizational structure for oversight purposes, assignment of responsibilities and timetable for performance for the redevelopment effort, and provides oversight for obtaining meaningful results efficiently within a reasonable and specified time period.</p> <p>9. Procure and select professional consultants (including developer and architect).</p> <p>10. Revise Community and Supportive Service (CSS) plan and ensure that CSS activities are conducted and tracked.</p> <p>11. Complete additional predevelopment work including design work, completion of</p>	<p>8/31/07</p> <p>Ongoing</p> <p>9/30/08</p> <p>8/31/07</p> <p>10/30/08</p>
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<p>construction drawings, and bidding of construction.</p> <p>12. Close project with HUD and begin construction.</p> <p>13. MDHA will provide monthly reports to HUD on predevelopment, construction and CSS activities (conference calls and written reports).</p> <p>14. HUD will conduct initial site visit to review the status of the grant and general goals of the grant in terms of overall feasibility.</p> <p>15. HUD will make a site visit to analyze and confirm information in the proposed revised RP.</p>	<p>Ongoing</p> <p>10/15/07</p>
<p>U. Within six months of the Effective Date of this Agreement, the MDHA shall update deeds of trust to conform with HUD requirements. Any conflicts of title shall be identified. The MDHA shall provide current copies of all deeds of trust to local HUD offices for recording.</p>	<p>11/31/07</p>



**ATTACHMENT M**

May 15, 2007

Mr. Orlando J. Cabrera  
Assistant Secretary for Public and Indian Housing  
U. S. Department of Housing and Urban Development  
451 Seventh Street, S. W. Room 4100  
Washington, DC 20410

Re: Declaration of Default – Section 8 Consolidated Annual Contributions Contract and Declaration of Substantial Default – Public Housing Annual Contributions Contract letter

Dear Mr. Cabrera:

This letter acknowledges the County's receipt of the undated Declaration of Substantial Default – Public Housing Consolidated Annual Contributions Contract and Declaration of Default-Section 8 Annual Contributions Contract (collectively, "Notices"), which are the first notification to the County of the existence of certain events or conditions which HUD claims constitute a substantial breach or default. This letter also serves as the response of Miami-Dade County ("County", "Miami-Dade Housing Agency", or "MDHA") to the allegations and assertions raised by the United States Department of Housing and Urban Development ("HUD") set forth in these Notices and HUD's determination that the County is in default under the Section 8 ACC and in substantial default under the Public Housing ACC. This response is permitted under the U.S. Housing Act of 1937 ("Act"), as amended, and the federal regulations..

Our response to the Notices, which is attached hereto and incorporated herein, is based solely on the allegations expressly enumerated by HUD in said Notices. In the event HUD amends its Notices based on the County's response; attempts to include or incorporate any additional information, reports (including the REAC report) or audits conducted by HUD or its agents not specifically incorporated or referred in the Notices; or receives and relies upon new information as a basis for the Notices, the County hereby reserves its right to amend this response. The County also reserves the right to appeal any determination by HUD that the County is in default or in breach of the ACCs.

The County is not in substantial default or breach as defined by the Act, the regulations or the ACCs. Since April 2006 and prior to HUD's involvement in the Fall of 2006, the County has made considerable progress. During this period, the County conducted an independent review of MDHA's past management and operations. The County also recruited and hired talented professionals to administer MDHA. This team of professionals, under the leadership of the present director, Kris Warren, has been working diligently to assess operations

and staff, identify any areas of weakness, ensure that the day-to-day operations continue and address administrative issues, while ensuring that the residents who are served by MDHA continue to be served well.

To evidence our tireless commitment to the residents of Miami-Dade County and to HUD, the new MDHA administration embarked on "Operation Rejuvenation" in July 2006. Below is a list, although not all-inclusive, of the numerous accomplishments and efforts of the new administration.

#### ***MDHA Overall***

- County Manager appointed a MDHA Management Assistance Team ("MAT") to review and assess the operational condition of the agency in April 2006.
- MAT issued their first report in July 2006 with a second report, including further administrative and managerial changes in September 2006 with subsequent reports and memos thereafter.
- The County terminated top management officials associated with the prior administration.
- MAT requested technical assistance from HUD.
- The County recruited new senior management, including the Director, the Chief Financial Officer, and the Chief Operating Officer between December 2006 and January 2007.
- As issues warranted higher degrees of scrutiny, the County took necessary steps to investigate and take immediate and necessary action.
- The County developed and implemented an Improvement Plan, which continues to be refined by the administration
- Improvement Plan actions include:
  - Negotiated the return of property and assets of MDHA Development Corporation, a not-for-profit created by the County.
  - Drafted Reorganization Plan, to be released with budget approval.
  - Converted MIS software to improve efficiencies.
  - Contracted with Casterline and Associates, a certified public accounting firm that specializes in assisting PHAs, on financial management issues, to perform analysis and provide recommendations on accounting structure, policies and procedures.
  - Commenced initial steps to procure the services of a new audit firm to conduct the 2007 external independent audit.
  - Implemented a new financial management process in the area of Grant Administration and ELOCCs.

#### ***Improvement Plan for Section 8 Program***

- Put in place Workout Plan to decrease back-log and increase quality.
- Contracted with Emphasys Consulting to perform Section 8 tenant recertifications for all participants.
- Employed ten (10) temporary staff members to set up a new file system.
- Instituted training and examination of employees as a condition of employment on Private Rental Housing and Application and Leasing Center.

- Staff received additional training on software system functionality and usage.
- Ongoing updates to the Section 8 Administration Plan are in progress.
- Initiated landlord town hall meetings and landlord advisory group for increased and open communication platform.
- Implemented new financial management processes for VMS, Portability and FSS.
- Commenced the compilation of new policy and procedures manuals for all Section 8 financial management activity.

***Improvement Plan for Public Housing Program***

- Took steps to move MDHA to Asset Management platform in compliance with HUD directive.
- Prepared site-based policies and procedures manual.
- Implemented monthly property performance monitoring reports consistent with PHAS indicators.
- Implemented new financial management process in the area of grant administration, reconciliation and ELOCCs.
- Prepared new site based management procedures manuals.
- Commenced the compilation of new policy and procedures for all public housing fiscal management activity.
- Installed DSL capabilities at all properties for EIV access.
- Making ongoing improvements in HOPE VI program.

Having made all of the progress outlined briefly above, the County remains committed to improving the operations and financial management of the MDHA.

In light of our substantial progress and our continued desire to negotiate with HUD in good faith, we are dismayed that HUD officials continue to make public statements of a possible federal takeover of MDHA, in an attempt to involuntarily separate MDHA from the County governing structure. For example, the County is concerned by Deputy Secretary Roy Bernardi's interview with the Miami Herald, published on April 29, 2007, in which he indicated that HUD's "decision has been made" and that "HUD cannot offer the intermediate measures that normally precede takeovers." Any attempt to effectuate a takeover without first allowing the County to avail itself of the rights and remedies set forth in the U.S. Housing Act of 1937 ("Act"), as amended, the federal regulations and the Public Housing and Section 8 Annual Contribution Contracts (collectively "ACCs") is a violation the Act, regulations and the ACCs.

Specifically, 24 C.F.R. § 902.79(b) provides:

Notification of substantial default and response. If information from an annual assessment or audit, or any other credible source (including but not limited to the Office of Fair Housing Enforcement, the Office of the Inspector General, a judicial referral or a referral from a mayor or other official) indicates that there may exist events or conditions constituting a substantial breach or default, HUD shall advise a PHA of such information. HUD is authorized to protect the confidentiality of the source(s) of such information in appropriate cases. Before taking further action, except in cases of apparent fraud or criminality, and/or in cases where emergency conditions exist posing an imminent threat to the life, health, or safety of residents, HUD shall afford the PHA a timely opportunity to

initiate corrective action, including the remedies and procedures available to PHAs designated as troubled PHAs, or to demonstrate that the information is incorrect.

Regarding the alleged violation of the Public Housing ACC, the Act and HUD implementing regulations, it is clear that 902.79(b) requires HUD to afford the County a reasonable time to initiate corrective action and to avail itself of the remedies and procedures available to troubled PHAs. HUD's Notices do not allege or demonstrate there is apparent fraud or criminality, and/or emergency conditions existing relating to MDHA which would pose an imminent threat to the life, health, or safety of residents. Therefore, HUD is required to provide the County adequate time to "cure" any deficiencies. Clearly, a twenty-two day notice of a substantial default is not a reasonable period of time to cure any of the alleged deficiencies, although as demonstrated by the attached, the County has made substantial progress in curing all of HUD's concerns. Any attempt by HUD to take over MDHA without a right to appeal or cure would be a violation of the Act and the regulations.

The County is entitled to avail itself of all of the appellate remedies provided by contract and applicable law. Under 24 C.F.R. part 985, the County has the right to appeal any decision by HUD that directly or constructively impacts the overall or individual indicator SEMAP scores that the County has received in the past. Clearly, a determination of substantial default of the Section 8 program rules and/or ACC should affect the County's previous SEMAP scores and accordingly, the County will appeal such decision on that basis.

Furthermore, HUD has established definitive guidelines for itself and PHAs. These guidelines provide that "the declaration of substantial default or breach of contract is a drastic measure and should only be considered when: (1) PHA performance problems are severe, pervasive, and systemic; (2) the PHA and/or the locality consistently and vigorously resists problem-solving efforts; and (3) other remedies have been exhausted or determined inappropriate because of the urgent need to take immediate action." See HUD Handbook 7460.7. Clearly, HUD has failed to follow its own directives in this situation. These directives are the equivalent of federal regulation, and must be followed by HUD. (See Rule 000-2co(3): When statutes, regulations or other policy and requirements are clear, for example, HUD could proceed directly to directives for issuing procedures without intervening the Federal Register System.)

Finally, pursuant to the Administrative Procedures Act, the County has the right to seek judicial review of any final agency action in federal court. The County intends to avail itself of all of these appellate remedies. The County is concerned, however, that HUD has already made a decision to attempt a takeover of MDHA, regardless of what the County does, and that the County will not be provided with a meaningful or fair opportunity to appeal. This concern is justified by HUD's numerous statements that a takeover is imminent and, in particular, the April 29th statement by Deputy Secretary Bernardi, that "a decision has been made." This statement poses a real problem as it is unclear how HUD can provide the County with due process, its contractual rights and remedies, and a fair administrative appeal when HUD has already made its decision. Accordingly, the County hereby demands assurances pursuant to the Public Housing ACC and the applicable regulations, prior to any intervention by HUD that (i) HUD will not attempt to takeover MDHA without first allowing the County to exhaust these appeals and (ii) that HUD will consider the County's administrative appeals in good faith. Likewise, since it is clear that the Public Housing ACC and applicable regulations provide the County with a right to cure, the County demands assurances that it will be given a meaningful opportunity to cure any defects or defaults that are upheld in such appeals.

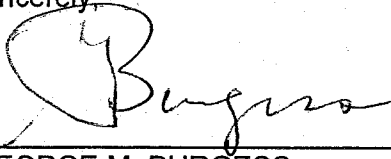


May 15, 2007

Page 5 of 34

We reserve all rights to avail ourselves of all remedies as permitted under law and to amend our response to the Notices as deemed necessary.

Sincerely,

A handwritten signature in black ink, appearing to read "Burgess", written over a horizontal line.

GEORGE M. BURGESS  
County Manager

- c. Carlos A. Alvarez, Mayor
- Chairman Bruno A. Barreiro
- Members of the Board of County Commissioners
- Murray A. Greenberg, County Attorney
- Alphonso Jackson, Secretary, HUD
- Robert Couch, Acting General Counsel, HUD
- Michael Flynn, General Deputy General Counsel, HUD

**MIAMI-DADE COUNTY'S RESPONSE TO  
DECLARATION OF DEFAULT – SECTION 8  
ANNUAL CONTRIBUTIONS CONTRACT**

Violation  
Per HUD

**"1) Violation of Section 8 ACC, Sections 9 and 11**

Sections 9 and 11 of the Section 8 ACC are designed to ensure that MDHA does not expend more funds than it has available for its program. In addition, Sections 9 and 11 of the Section 8 ACC require that MDHA establish and follow an operating budget. In FY 2004 and 2005, MDHA operated its Section 8 Housing Choice Voucher program at substantial deficits, depleting its reserves, which contributed to its having to accept over \$26 million in nonfederal funds to subsidize federal programs, including the Section 8 program. MDHA is required to pay at least \$9.6 million of these funds over 10 years with income from non-subsidized MDHA sources. The nonfederal funds consisted of Documentary Surtax funds received by Miami-Dade County under state law. The transfer of County Surtax funds to subsidize the Section 8 Housing Choice Voucher Program violates state law because it is an impermissible use of those funds."

Response: MDHA did not operate the Section 8 program during 2004 and 2005 at substantial deficits.

*Alleged 2004 Deficit*

In FY 2004 MDHA filed a year-end settlement statement HUD Form – 52681 (YES) with the department reflecting a receivable in the amount of \$4,219,822 in accordance with PIH Notice 2005-9 Section 3(d). HUD provided this settlement funding in March of 2005. See attached copy (exhibit A) of the FY2004 HUD Form 52681 and the March 2005 bank statement (exhibit B) evidencing receipt of the settlement funding provided by HUD. Therefore, the County disputes the statements related to FY 2004 deficit, as HUD provided funding after the receivable from HUD was booked.

*Alleged 2005 Deficit*

In FY 2005 MDHA did not operate the program at a substantial deficit. The County hired a new management team that completed an analysis of the Housing Choice Voucher Program fund balance in January 2007 to bring the agency into compliance with PIH Notice 2006-3.

During this analysis it was discovered that MDHA had mistakenly expensed the Portability vouchers (\$5,310,091) as part of the HAP expense instead of recording same as Accounts Receivable; thereby, giving the appearance of a substantial deficit. The agency received \$114,289,642 plus \$3 million deferred revenue (see attached e-mail (exhibit C) and April 13, 2005 bank statement (exhibit D) for housing assistance payments (HAP) and expended \$116,678,738 for HAP, resulting in a 2005 HAP equity of \$610,904. The agency did not operate the program at a deficit after the correction of the portability mistake and

the \$3 million of deferred revenue. MDHA has corrected the \$5,310,091 portability mistake.

*Surtax Matter*

Pursuant to Florida Statute 125.0167(3), "..... The proceeds of the surtax shall not be used for rent subsidies or grants."

MDHA did not operate the Section 8 Housing Choice Voucher Program at a substantial deficit for FYs 2004 and 2005 and did not use surtax funds for rent subsidies.

Summary: The allegation that MDHA operated the program at a substantial deficit for FYs 2004 and 2005 is incorrect. Additionally, the allegation concerning the uses of surtax is incorrect. MDHA had made corrections as stated above for the FY 2005 purported deficit.

Violation  
per HUD:

**"2) Violation of Sections 3(a), 8(c)(3), and 8(o)(5) of the United States Housing Act of 1937 and C.F.R. § 982.516(a)**

MDHA did not perform annual tenant recertifications in a timely manner. See Sections 3(a), 8(c)(3), and 8(o)(5) of the United States Housing Act of 1937, as amended, 42 U.S.C. 1437a(a)(1), 1437f(c)(3) and (o)(5); 24 C.F.R. § 982.516(a). MDHA failed to conduct annual reexaminations of the family income of approximately 85% of its Section 8 program participants since 2005, or in some cases since 2003 and 2004. Because of this failure to conduct reexaminations, MDHA cannot assure HUD that its limited Section 8 funds were expended in accordance with the program requirements."

Response: The County is aware that MDHA is behind in its annual recertifications; however, this situation is also currently being addressed by the MDHA. However, based on the reasons set forth below, MDHA's untimely recertification of program participants does not constitute a default of the Section 8 ACC that warrants the drastic measures proposed by HUD. At a minimum the County is entitled pursuant to 24 C.F.R. part 985, to initiate corrective action.

First, in 2005 the South Florida area was negatively impacted by an unprecedented number of hurricanes. Thus, in 2006 MDHA requested and received from HUD a waiver of its SEMAP obligations citing the impact of the 2005 hurricanes. HUD has extended this waiver until December 30, 2007.

Second, HUD alleges that "MDHA failed to conduct annual reexaminations of the family income of approximately 85% of its Section 8 program participants ..." However, based on a review of our records, only approximately 40% of the Section 8 annual re-examinations are late, and according to the HUD PIC system only approximately 33% are late.

Although we have been granted a waiver from certain SEMAP obligations, we also recognize that we are obligated to ensure that annual recertifications are

May 15, 2007

Page 8 of 34

done in a timely manner. Thus, MDHA staff has already initiated corrective action by identifying the late re-examinations and MDHA has engaged a contractor to complete the back-log. We anticipate that our efforts will continue over the next 90-120 days.

With regard to HUD's allegation that HUD cannot be assured that its limited Section 8 funds were expended in accordance with the program requirements, the County gives its assurance that if any program funds were improperly expended, MDHA will take all necessary steps to recover these funds as outlined in PIH Notice 2005-7..

Summary: Although the County denies that any deficiencies associated with untimely recertifications constitutes a default under the Section 8 ACC, the County is taking corrective action to ensure that MDHA continues to meet its obligations under the regulations.

**3) Violation of Section 8 ACC, Section 14(a) and 24 CFR section 982.158(a)**

Violation  
Summary  
Per HUD:

"MDHA has failed to maintain accurate books of account and records in accordance with HUD requirements. Pursuant to section 14(a) of the Section 8 ACC, MDHA "must maintain complete and accurate books of account and records for a program. The books and records must be in accordance with HUD requirements, and must permit speedy and effective audit." See also 24 C.F.R. 982.158(a)."

The County responds to each of the specific alleged violations as follows:

Violation  
Per HUD:

**"3(a) Annual Financial Statements Contained Material Accounting Errors**

For each fiscal year from 2001 through 2005, MDHA has failed to prepare annual financial statements that are free from material accounting errors. For each of these years, MDHA has needed to record prior period adjustments (PPA) in its Section 8 Housing Choice Voucher program to correct errors in its previously issued financial statements. Specifically, MDHA reported a PPA of \$12,940,288 (representing a 535% adjustment for FY 2001; MDHA reported a PPA of \$727,378 (representing a 25% adjustment) for FY 2003; MDHA reported a PPA of \$3,024,729 (representing a 42% adjustment for FY2004; and MDHA reported a PPA of \$2,547,190 (representing an 18 % adjustment) for FY 2005. Additionally, in 2003, MDHA reported a PPA of \$488,990 (representing a 12% adjustment from its FY 2002 unaudited financial statement balances, which balances were used because MDHA never filed audited financial statements covering FY 2002 that were accepted by HUD."

Response: The information that the County has received for the noted years of prior period adjustments is incorrect. We request that HUD confirm line 1104 for the stated

periods. Our records indicate that there is a discrepancy with line 1104. The following data has been extrapolated from our records:

	2001		2002		2003		2004		2005	
	FDS	HUD Letter	FDS	HUD Letter	FDS	HUD Letter	FDS	HUD Letter	FDS	HUD Letter
Section 8 HCV	0	12,940,288	-12,940,288	488,990	488,990	727,378	-727,378	3,024,729	-3,024,729	2,547,190
Section 8 Certificate	1,445,320		0		0					
Section 8 Voucher	-7,753,683		0		0					

Upon review of the data provided by HUD, MDHA has determined the following sequence of events may have resulted in the discrepancies between the FDS and the data used by HUD in the Notice:

*Sequence of Events relating to the FDS*

- 1.) FY 2001 FDS entered – HUD accepted
- 2.) FY 2002 FDS entered – HUD rejected
- 3.) MDHA made adjustments to the audited FY 2002 submission which HUD never accepted in the system
- 4.) FY 2003 FDS entered – HUD accepted without the FY 2002 FDS being accepted resulting in erroneous prior period adjustment amounts
- 5.) FY 2004 FDS entered – HUD accepted
- 6.) FY 2005 FDS entered – HUD accepted
- 7.) FY2006 unaudited FDS entered – HUD accepted
- 8.) FY 2006 audited FDS pending submission

HUD cites as a basis of this alleged violation that there was an excessive amount in quantity and dollar volumes of prior period adjustments. As evidenced below, the historical volume of prior period adjustments are de minimis for all years.

**Section 8 Prior Period Adjustments**

**2001** The Section-8 Certificate Program was merged with the Voucher Program in FY 2002 and accordingly, the Interprogram due to and due from of both programs in 2001 were merged, and reflect a net zero amount in FY2002. The PPA reflected in FY2001 resulted from interprogram transfers of equity in pooled cash.

(7,753,683)

1,445,320

**FDS Line 1104**

(6,308,363)

These are equity transfers not prior period adjustments.  
Both prior period adjustments and equity transfers are reported on line 1104.

Response and Appeal of Declarations of Default  
and Substantial Default Notices

May 15, 2007

Page 10 of 34

**2002** The balance shown is result of the combined 2001 equity of Certificate and Voucher Programs as discussed above, in addition to new Interprogram transfers generated in FY2002, and their combined surplus from operations of FY2002. In FY2001, the Certificate Program included a "Due To" amount of \$(13,603,309). The \$(12,940,288) equity balance results from the latter activity and the transfer of Certificate Program to Voucher Program in FY2002.

**FDS Line 1104**

(12,940,288)

**(12,940,288)**

**These are equity transfers not prior period adjustments.  
Both prior period adjustments and equity transfers are reported on  
line 1104.**

**2003** Allocation of Program Administrative Costs to other private rental programs:

- Substantial Rehab 4,153
- Moderate Rehab. 9,257
- Transfer of overhead cost from fund 001 to fund 074 (380,276)
- Recognition of revenues for PY 910 ref JV 27636 dated October 1, 2003 (134,204)
- Recognition of revenues in Substantial Rehab (497,070)
- Adjustment after reconciling the Due From and the Due To HUD 498,981
- Difference caused by timing difference between the submission the Annual Year-end Settlement and the HUD approval of same 10,169

**FDS Line 1104**

**(488,990)**

**These adjustments are all within the Section 8 programs  
and represent .22% of total expenditures**

**2004** Allocation of Program Administrative Costs to other Private Rental Programs:

- Substantial Rehab (514,512)
- Moderate Rehab 990,893
- Reversal Section 8 accrual for FY2004 (349,914)
- Salaries for Moderate Rehab proj 910, charged to wrong account on ref Jv #29832. (113,976)
- Salaries charged to SRO fund 072 instead of Vouchers fund by error (91,077)
- To reverse adjustment from FY2003, JV#27636 entered 10/1/2004. (504,018)
- Difference estimated by timing of annual year end settlement statements to HUD for approval and return, often with changes during subsequent year. (144,774)

**FDS Line 1104**

**(727,378)**

**These adjustments are all within the Section 8 programs  
and represent .29% of total expenditures**

Response and Appeal of Declarations of Default  
and Substantial Default Notices

May 15, 2007

Page 11 of 34

**2005 Allocation of Program Administrative Costs to other Section 8 Programs**  
**FDS Line 1104**

(3,024,729)

**(3,024,729)**

*	Mod Rehab 1	183,118
	Mod Rehab 2	82,273
	Mod Rehab 3	27,507
	Mod Rehab 6	427,620
	Mod Rehab 7	92,700
	Mod Rehab 8	332,179
	Mod Rehab 9	3,132
	Mod Rehab 10	48,044
	Mod Rehab 11	189,290
	Mod Rehab 13	191,247
	Mod Rehab 14	251,431
	Mod Rehab 15	387,513
	Mod Rehab 18	79,365
	Mod Rehab 19	199,190
	Mod Rehab 20	45,187
	S8NC	484,935
	SRO	(2)
		<u>3,024,729</u>

**These adjustments are all within the Section 8 programs  
and represent 1.47% of total expenditures**

According to the Real Estate Assessment Center Financial Data Schedule Line  
Definitions and Crosswalk Guide:

**Definition**

**1104 Prior period adjustments, equity transfers, and correction of errors**

*Definition:* This FDS line represents prior period adjustments that are transactions that should be excluded from the current period's activity statements. With respect to governmental financial reporting, this specifically addresses correction of errors in the financial statements of a prior period. Errors in financial statements may result from: mathematical mistakes; mistakes in the application of accounting principles; oversight of facts that existed at the time financial statements were prepared; or change from an accounting principle that is not generally accepted to one that is generally accepted. These corrections should be presented as an adjustment to the beginning fund balances (equity), and all previous financial statements affected by the error must be restated. This line also includes equity transfers between programs.

*Crosswalk:* Prior period adjustments, whether increases or decreases, are made directly to the entity's equity account(s). Postings are made to HUD account 6010 (Prior year adjustments – affecting residual receipts) and REAC suggested account 2806 (Undesignated/unreserved/ retained

Response and Appeal of Declarations of Default  
and Substantial Default Notices

May 15, 2007

Page 12 of 34

earnings) and the appropriate asset or expense account affected by the adjustment. The financial statements for the fiscal year impacted by the adjustment are then restated to reflect accurate account balances.

In light of this definition, it is important to review this in context of the program history as there have been considerable major changes over the subject time period both programmatically and in financial reporting. The Section 8 program regulations mandated merging the Section 8 programs from the Certificate program to the Voucher program as the Housing Assistance Payment contracts expired resulting in the current Housing Choice Voucher Program. As these programs merged, the fund balance from one program was moved into the next program. This fund balance transfer is reported on the same line as the prior period adjustments on the financial data schedule (FDS), line 1104, but is not a prior period adjustment. The schedules above with the prior period adjustments (and equity transfers) reflect the noted programmatic and financial changes in the Section 8 program.

***Fiscal Year 2001***

Below are cut and paste details from the FDS for the voucher program and certificate program for 2001 that reflect the fund balance (equity) transfers that are reported on Line 1104 Prior Period Adjustments.

**Program #: 14.855 - Section 8 Rental Voucher Program**  
**Line Item #:1104 - Prior Period Adjustments, Equity Transfers and**  
**Correction of Errors**

**Instructions:**

Enter the account descriptions and account values for the associated line items.

**Account Details | [Back to Revenue & Expense](#)**

LINE ITEM #	ACCOUNT DESCRIPTION	AMOUNT
<b>Prior Period Adjustments and Correction of Errors</b>		
1104-010	Prior Period Adjustments	\$-12,533
1104-020		
1104-030		
1104-040		
1104-050		
1104-060	All Others	
<b>Total Prior Period Adjustments and Correction of Errors</b>		<b>\$-12,533</b>
<b>Equity Transfers</b>		
1104-070	Adjustment to Equity	\$1,457,853
1104-080		
1104-090		
1104-100		



Response and Appeal of Declarations of Default  
and Substantial Default Notices

May 15, 2007

Page 13 of 34

1104-110		
1104-120	All Others	
	<b>Total Equity Transfers</b>	<b>\$1,457,853</b>
	<b>Total Prior Period Adjustments, Equity Transfers and Correction of Errors</b>	<b>\$1,445,320</b>

**Program #: 14.857 - Section 8 Rental Certificate Program**  
**Line Item #: 1104 - Prior Period Adjustments, Equity Transfers and Correction of Errors**

**Instructions:**

Enter the account descriptions and account values for the associated line items.

**Account Details | Back to Revenue & Expense**

LINE ITEM #	ACCOUNT DESCRIPTION	AMOUNT
<b>Prior Period Adjustments and Correction of Errors</b>		
1104-010	Prior Period Adjustments	\$4,723
1104-020		
1104-030		
1104-040		
1104-050		
1104-060	All Others	
	<b>Total Prior Period Adjustments and Correction of Errors</b>	<b>\$4,723</b>
<b>Equity Transfers</b>		
1104-070	Adjustment to Equity	\$-7,758,406
1104-080		
1104-090		
1104-100		
1104-110		
1104-120	All Others	
	<b>Total Equity Transfers</b>	<b>\$-7,758,406</b>
	<b>Total Prior Period Adjustments, Equity Transfers and Correction of Errors</b>	<b>\$-7,753,683</b>

*Prior Period Adjustments stated as a Percentage*

The methodology HUD employed in calculating the percentage for each year's prior period adjustment may not be the most appropriate methodology considering the type of prior period adjustments and the nature of the program.

MDHA is aware that there are multiple methodologies that may be employed to calculate ratios and percentages. It is the County's position that the most appropriate methodology in this case would be determined by the nature of the subject prior period adjustment. For example: if the prior period adjustments are for operating and administrative expenses of the program then the best methodology for stating the adjustments as a percentage is in relationship to total program expenditures for the subject year. HUD's prior period adjustments appear to be stated as a percentage of net assets which may not be relevant to the size of the program activity for the respective fiscal periods. When stating the prior period adjustments as a percentage of annual program size we calculate the following:

Section 8 Prior Period Adjustments as a percent of expenditures

2001 = 4.34%  
2002 = 6.03%  
2003 = .22%  
2004 = .29%  
2005 = 1.47%

***Fiscal Year 2002***

We acknowledge that the FY 2002 financial statements were filed by MDHA and rejected by HUD. HUD issued a late presumptive failure (LPF) and gave MDHA a score of 0%. In response to this LPF score MDHA availed itself of the appeal process and filed an appeal with HUD on November 5, 2003 and HUD rejected the appeal. As this item is historic in nature and HUD has advised they will not accept the 2002 audited FDS then MDHA has no recourse for curing this matter.

Summary: The allegation is incorrect.

Violation

Per HUD: **"3(b) MDHA Improperly Reported Approximately \$6 Million Receivable Due From HUD"**

Additionally, in its 2005 audited financial statements, MDHA improperly reported a \$6.009 million receivable due from HUD for an ACC Reserve account deficit, which decreased to \$5.683 million in MDHA's 2006 unaudited financial statements, for which MDHA was on notice that it would not receive payment. The accounting errors distorted the true financial position of MDHA's Section 8 Housing Choice Voucher program."

Response: The account receivable was eliminated in the audited 2006 financials. The County has corrected this deficiency as evidenced by the draft submission currently in the REAC FDS online system. MDHA acknowledges the 2005

financial statements improperly reflected a receivable from HUD. The following is the information currently contained in the FDS:

**Housing Choice Vouchers  
Total Receivable as of 9-  
30-06**

<u>Line</u>	<u>Amount</u>	
		Due from other Housing Authorities-Portable Vouchers
121	3,353,099	
122	240,531	Due from HUD
124	25,311	Due from Miami-Dade County
125	375,331	Due from Section 8 Landlords
<b>Total</b>		<b>NO Receivable from HUD</b>
<b>Receivable</b>	<b>3,994,272</b>	

Summary: The deficiency has been corrected and HUD's allegation is hereby rendered moot.

Violation

Per HUD: **"3(c) MDHA's Voucher Management System is Inconsistent With Its Financial Statements"**

MDHA's reporting in the Voucher Management System (VMS) also does not match the MDHA's financial statements, and the differences are material. Voucher renewal funding is dependent on verifiable and complete data reported by the public housing agency in the VMS. MDHA's inaccurate reporting is extremely serious and may further adversely impact the financial viability of MDHA's HCV program, placing assisted families at risk."

Response: HUD cites that the Voucher Management System (VMS) does not match the financial statements. The correction of the reporting of Portability distorted the unaudited 2006 data. Below is a recap of the FDS and the VMS system for the subject fiscal year 2006.

<b>VMS – HAP</b>	
Oct-05	8,139,019
Nov-05	8,899,162
Dec-05	9,190,361
Jan-06	8,537,149
Feb-06	8,620,921
Mar-06	8,966,919
Apr-06	8,656,127
May-06	8,325,077
Jun-06	8,448,454
Jul-06	8,104,197
Aug-06	8,005,742
Sep-06	8,148,966
<b>Total</b>	<b>102,042,094</b>

FDS line 973 - HAP      102,042,094  
Variance                      -0-

The VMS matches the financial statements.

Summary:      The violation is cured.

Violation

Per HUD:      **"3(d) MDHA has failed to account for approximately \$6.3 million in HAP Funds**

Finally, in fiscal year 2006, MDHA failed to account for approximately \$6.3 million of Federal funds. Based on budget authority provided by HUD less expenses reported by MDHA in the VMS, MDHA should have had a Housing Assistance Payment (HAP) surplus of \$17.8 million. But MDHA's unaudited financial statement for fiscal year 2006 identifies a total surplus of approximately \$6 million, leaving a balance of approximately \$14 million. HUD has determined that this amount includes a phantom receivable of approximately \$6 million, leaving a balance of approximately \$7.8 million in surplus HAP funds. Of the missing \$10 million (\$17.8 m - \$7.8), HUD has determined that \$3.7 million was improperly offset against prior year deficits, which leaves \$6.3 million for which MDHA has not accounted.

Response:      As the chart below reflects MDHA can fully account for all of the Housing Assistance Payments during fiscal year 2006. The correction of the reporting of Portability distorted the unaudited 2006 data used by HUD in preparation of this violation.

**Reconciliation of FY2006 Housing Assistance Payments**

FDS Line

1118-001	Housing Assistance Payments	
	Beginning Equity Balance	(2,389,096)
	Line 1118-010 Housing Assistance Payment	
1118-010	Revenue	122,506,548
1118-025	Investment Income	458,787
1118-030	Housing Assistance Payments	<u>102,042,094</u>
1118-002	HAP Undesignated Fund Balance	18,534,145

Summary:      The allegation is incorrect.

Violation

Per HUD:      **"4) Violation of Section 8 ACC, Section 13(c) and HUD Notice PIH 2006-3**

Section 13 (c) of the Section 8 ACC provides that the public housing agency may only withdraw deposited program receipts for use in connection with the program in accordance with HUD requirements.

HUD Notice PIH 2006-3, Reduction of Annual Contributions (ACC) Reserves, Rescission of Requirements Under Form HUD-52681 for Most Housing Choice Voucher Program Units, and Sanction for Failure to Submit Required Financial Reports Pursuant to 24 C.F.R. § 5.801, issued January 11, 2006, expressly states that ACC reserve account deficits from 2004 and prior years shall not be paid from the Undesignated Fund Balance Account (now known as Unrestricted Net Assets – HAP) and will not be funded by HUD.

MDHA reported a deficit in HAP funds for the period October 1, 2004 through December 31, 2004 of \$2,016,716. MDHA eliminated \$1,718,183 of this deficit by using funding provided by HUD for the calendar year 2006 HAP, in violation of HUD requirements."

**Response:** In FY 2005 MDHA did not operate the program at a substantial deficit. The County hired a new management team that completed an analysis of the Housing Choice Voucher Program fund balance in January 2007 to bring the agency into compliance with PIH Notice 2006-3. October 1, through December 31, 2004 is the first quarter of the 2005 fiscal year. Our records indicate, as stated in the County's response to the first alleged violation above, in FY2005 MDHA received \$114,289,642 plus \$3 million deferred revenue for housing assistance payments (HAP) and expended \$116,678,738 for HAP, resulting in a HAP equity of \$610,904 for the subject fiscal year.

**Summary:** The allegation is incorrect.

**MIAMI-DADE COUNTY'S RESPONSE TO  
DECLARATION OF SUBSTANTIAL DEFAULT –  
PUBLIC HOUSING ANNUAL CONTRIBUTIONS CONTRACT**

Violation

Per HUD:

**"1) Material Accounting Errors in Annual Financial Statements from  
2001 and 2005**

Section 15(A) of the ACC requires MDHA to 'maintain complete and accurate books of account for the projects of the [MDHA] in such a manner as to permit the preparation of statements and reports in accordance with HUD requirements, and to permit timely and effective audit.' Additionally, pursuant to section 9(C) of the ACC, MDHA must 'maintain records that identify the source and application of funds in such a manner as to allow HUD to determine that all funds are and have been expended in accordance with each specific program regulation and requirement.'

For each fiscal year from 2001 through 2005, MDHA has failed to prepare annual financial statements that are free from material accounting errors. For each year, MDHA has needed to record significant prior adjustments ("PPA") in its Low Rent Public Housing program to correct errors in its previously issued financial statements. Specifically, MDHA reported a PPA of \$84,016,869 (representing a 91% adjustment) for FY 2001; in 2004, MDHA reported a PPA of \$1,502,149 (representing a 25% adjustment) for FY 2003; MDHA reported a PPA of \$97,006 (representing a 1% adjustment) for FY 2004; and MDHA reported a PPA of \$909,668 (representing a 6% adjustment) for FY 2005. Additionally, in 2003, MDHA reported a PPA of \$76,451,702 (representing a 539% adjustment) from its FY 2002 unaudited financial statement balances, which balances were used because MDHA never filed audited financial statements covering FY + 2002 that were accepted by HUD.

The persistent accounting errors distorted the true financial position of MDHA's Low Rent Public Housing program and demonstrate that MDHA was not maintaining accurate books and records in accordance with HUD requirements. Because MDHA's accounts were consistently in need of substantial restatement, they were insufficient to identify the source and application of funds in such a manner as to allow HUD to determine that all funds are and have been expended in accordance with each specific program regulation and requirement.

Response: The information that the County has received for the noted years of prior period adjustments is not accurate as stated. We request that HUD confirm line 1104 for the stated periods. Our records indicate that there is a discrepancy with line 1104. The following data has been extrapolated from our records:

Response and Appeal of Declarations of Default  
and Substantial Default Notices

May 15, 2007

Page 19 of 34

2001		2002 (Unaudited)		2003		2004		2005	
FDS	Letter	FDS	Letter	FDS	Letter	FDS	Letter	FDS	Letter
9,077,336	84,016,869	84,016,869	76,451,702	-76,451,702	1,502,149	1,502,149	97,006	97,006	909,66

Upon review of the data provided by HUD, MDHA has determined the following sequence of events may have resulted in the discrepancies between the FDS and HUD's letter

*Sequence of Events relating to the FDS*

- 1.) FY 2001 FDS entered – HUD accepted
- 2.) FY 2002 FDS entered – HUD rejected
- 3.) MDHA made adjustments to the audited FY 2002 submission which HUD never accepted in the system
- 4.) FY 2003 FDS entered – HUD accepted without the FY 2002 FDS being accepted resulting in erroneous prior period adjustment.
- 5.) FY 2004 FDS entered – HUD accepted
- 6.) FY 2005 FDS entered – HUD accepted
- 7.) FY2006 unaudited FDS entered – HUD accepted
- 8.) FY 2006 audited FDS pending submission

HUD cites as a basis of this alleged violation that there was an excessive amount in quantity and dollar volumes of prior period adjustments. As evidenced below, the historical volume of prior period adjustments are diminutive for all years with the exception of 2002 and 2003 which are the result of GASB #34 implementation and the result of the rejected FDS in Fiscal Year 2002.

**Public Housing Prior Period Adjustments**

**2001 Independent Auditor Adjustment**

Due from Other Funds -

7,944,414

The \$7,944,414 amount is part of the total \$8,507,537

Due from Other Funds - on page B-1 of audit report.

The audit report shows offsetting Due to Other Funds that all net out to zero, as shown on pg A-27 of audit.

This line represents prior adjustments that fall under HUD's pre-GAAP definition of expenses incurred in a prior FY period but paid in the current FY. The final submission comments explained that such costs would be entered in the 900 series line items in future.

1,132,922

**FDS Line 1104**

**9,077,336**

**2 adjustments - 1 from the independent auditor and one following the matching principle of expensing to the period the service was provided**

Response and Appeal of Declarations of Default  
and Substantial Default Notices

May 15, 2007

Page 20 of 34

**2002** Per implementation of GASB 34 guidelines, the General Fixed Assets Account Group and the General Long-Term Debt Account Group were combined with the Low-Rent Public Housing Program fund. 82,818,668  
and the General Long-Term Debt Account Group were combined with the Low-Rent Public Housing Fund resulting in an equity transfer of \$82,818,668.

Unrealized loss on disposal of equipment for \$949,715, depreciation expense of \$246,721, and casualty loss of of \$1,807 were added back to reflect actual effect of the equity transfer. 1,198,243

**FDS Line 1104** 84,016,911

***2 adjustments both relating to GASB #34 Conversion***

**2003** Long-term debt (115,876,871)  
Debt forgiveness (10/1/03) 40,399,521  
Adjustment to fixed assets (716,452)  
Due to other funds (257,900)  
**FDS Line 1104** (76,451,702)

***The prior period adjustment in this year is a result of the beginning equity being "off" from the 2002 audited statements that were not accepted by HUD and MDHA appealed. These adjustments are the changes from the unaudited 2002 to the audited 2002 statements. These were part of the audited 2002 statements***

**2004** The \$1,502,149 includes JV# 29840 for \$(1,800,000), a reversal of prior year "Other General Expense", debited in error instead of debit to liability account when paid. (1,502,149)  
Also includes charges of \$297,851 for PY operating costs.  
**FDS Line 1104** (1,502,149)

**1 adjustments - one a error which meets the definition of line 1104**

**2005** Adjustment of fund balance reported by Mgmt Co. 14,714  
Difference on reporting Operating Subsidy paid to Private Management Companies during FY 2005 (111,720)  
amount paid \$897,092, reported by Private companies \$785,372  
**FDS Line 1104** (97,006)



## **2 adjustments representing .05% of expenditures**

According to the Real Estate Assessment Center Financial Data Schedule Line  
Definitions and Crosswalk Guide:

### **Definition**

#### **1104 Prior period adjustments, equity transfers, and correction of errors**

*Definition:* This FDS line represents prior period adjustments that are transactions that should be excluded from the current period's activity statements. With respect to governmental financial reporting, this specifically addresses correction of errors in the financial statements of a prior period. Errors in financial statements may result from: mathematical mistakes; mistakes in the application of accounting principles; oversight of facts that existed at the time financial statements were prepared; or change from an accounting principle that is not generally accepted to one that is generally accepted. These corrections should be presented as an adjustment to the beginning fund balances (equity), and all previous financial statements affected by the error must be restated. This line also includes equity transfers between programs.

*Crosswalk:* Prior period adjustments, whether increases or decreases, are made directly to the entity's equity account(s). Postings are made to HUD account 6010 (Prior year adjustments – affecting residual receipts) and REAC suggested account 2806 (Undesignated/unreserved/ retained earnings) and the appropriate asset or expense account affected by the adjustment. The financial statements for the fiscal year impacted by the adjustment are then restated to reflect accurate account balances.

### *Prior Period Adjustments stated as a Percentage*

The methodology HUD employed in calculating the percentage for each year's prior period adjustment may not be the most appropriate methodology considering the type of prior period adjustments and the nature of the program.

MDHA is aware that there are multiple methodologies that may be employed to calculate ratios and percentages. It is MDHA's position that the most appropriate methodology in this case would be determined by the nature of the subject prior period adjustment. For example: if the prior period adjustments are for operating and administrative expenses of the program then the best methodology for stating the adjustments as a percentage is in relationship to total program expenditures for the subject year. HUD's prior period adjustments appear to be stated as a percentage of net assets which may not be relevant to the size of the program activity for the respective fiscal periods. When stating the prior period adjustments as a percentage of annual program size we calculate the following:

Low Rent Public Housing Prior Period Adjustments as a percent of total expenditures.

2001 = 4.29%  
2002 = 38.56% (GAAP conversion)  
2003 = 33.76% (result of HUD rejection of FDS)  
2004 = 0.6%  
2005 = .05%

*Fiscal Year 2002*

We acknowledge that the FY 2002 financial statements were filed by MDHA with and rejected by HUD. HUD issued a late presumptive failure (LPF) and gave MDHA a score of 0%. In response to this LPF score MDHA availed itself of the appeal process and filed an appeal with HUD on November 5, 2003 which HUD rejected the appeal. As this item is historic in nature and HUD has advised they will not accept the 2002 audited FDS then MDHA has no recourse for curing this matter.

The County does not agree with the information identified in this alleged violation and respectfully requests the supporting information for the periods and numbers cited.

Summary: The allegation is incorrect.

Violation

Per HUD: **"2) Allocation of Program Costs in Violation of 24 CFR § 85.22**

Pursuant to 24 C.F.R. § 85.22(b), MDHA is required to comply with the cost principles in Office of Management and Budget (OMB) Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*. Under OMB Circular A-87, each program that incurs costs, whether direct or indirect, must be ascribed an appropriate allocation of those costs. MDHA did not charge its direct costs and allocate its indirect costs in accordance with OMB Circular A-87. For example, MDHA did not report any operating costs for its HOPE VI program for fiscal year 2003 to 2006 in its Public Housing Assessment System electronic filings to HUD, or for its Capital Fund Program for fiscal years 2002, 2003, 2005 and 2006. However, during this time period, MDHA employed staff to administer its HOPE VI and Capital fund programs and incurred expenses in association with those programs. MDHA failed to properly report costs associated with its HOPE VI and Capital Fund programs, resulting in distortion of those programs' true financial position. This failure also violates Section 15(a) of the Public Housing ACC."

Response: All funds received for the HOPE VI program and Capital Fund Program were reported on the FDS and reconciled to LOCCS/HUDCAPS and were charged to the programs in accordance with OMB Circular A-87. Operating costs were reported as a part of the annual HUD reporting process. The financial statements submitted to HUD in the FDS included operating costs and were approved by the assigned HUD financial analyst. Below are the screen shots from the LOCCS/HUDCAPS for 2003 and 2005 from the respective FDS. These screen shots confirm that MDHA did report all funds received from the grant

during the respective years. The quarterly HOPE VI reports and annual Capital Fund reports to HUD disclose all expenditures by line item and are development specific. HUD approved and/or concurred with the treatment of these grants within the HUD budget line items (BLI) on the FDS. HUD did not provide guidance or any indication that this was not the appropriate treatment.

**Reconciliation Balance Sheet for FL005 for reporting period 09/30/2003**

Program Name	Amt. Per LOCCS / HUDCAPS	Less Prior Yr. A/R	Add Current Yr. A/R	Less Deferred Rev.	Total	Amt. Per FDS	Difference
14.866 - Revitalization of Severely Distressed Public Housing	\$ 3,005,552	-	\$ 40,049	---	\$ 3,045,601	\$ 3,048,350	\$( 2,749)
14.872 - Public Housing Capital Fund Program	\$ 17,853,337	-	\$ 1,619,320	---	\$ 19,472,657	\$ 20,702,162	\$( 1,229)

**Reconciliation Balance Sheet for FL005 for reporting period 09/30/2005**

Program Name	Amt. Per LOCCS / HUDCAPS	Less Prior Yr. A/R	Add Current Yr. A/R	Less Deferred Rev.	Total	Amt. Per FDS	Difference
14.866 - Revitalization of Severely Distressed Public Housing	\$ 3,690,262	\$( 310,645)	\$ 112,310	---	\$ 3,491,927	\$ 3,390,759	\$ 101,168
14.872 - Public Housing Capital Fund Program	\$ 13,225,591	\$( 669,177)	\$ 2,102,792	---	\$ 14,659,206	\$ 14,558,039	\$ 101,167

MDHA has since identified that all costs related to HOPE VI and Capital Fund were capitalized including the referenced wages. The 2006 financial statements reflect the separation of operating and capital costs (GAAP) for all grant programs as evidenced by the prior period adjustments in both Capital fund and HOPE VI (see below).

PHA Code: FL005

PHA Name: MIAMI-DADE HOUSING AGENCY

Fiscal Year End Date: 09/30/2006

Submission Type: Audited/A-133

Program #: 14.872 - Public Housing Capital Fund Program

**Instructions:**

Enter the account descriptions and account values for the associated line items.

**Line Item #:1104 - Prior Period Adjustments, Equity Transfers  
and Correction of Errors**

**Account Details** | [Back to Revenue & Expense](#)

LINE ITEM #	ACCOUNT DESCRIPTION	AMOUNT
<b>Prior Period Adjustments and Correction of Errors</b>		
1104-010	To write-off CFP 1406 1408 and 141	\$ -24,891,919
1104-020	To write-off depreciation for FY2004	\$ 111,093
1104-030		\$
1104-040		\$
1104-050		\$
1104-060	All Others	\$
<b>Total Prior Period Adjustments and Correction of Errors</b>		<b>\$-24,780,826</b>
<b>Equity Transfers</b>		
1104-070		\$
1104-080		\$
1104-090		\$
1104-100		\$
1104-110		\$
1104-120	All Others	\$
<b>Total Equity Transfers</b>		<b>\$0</b>
<b>Total Prior Period Adjustments, Equity Transfers and Correction of Errors</b>		<b>\$-24,780,826</b>
<input type="button" value="Save"/> <input type="button" value="Reset"/>		

PHA Code: FL005  
PHA Name: MIAMI-DADE HOUSING AGENCY  
Fiscal Year End Date: 09/30/2006  
Submission Type: Audited/A-133

**Instructions:**  
Enter the account descriptions  
and account values for the  
associated line items.

104

Response and Appeal of Declarations of Default  
and Substantial Default Notices

May 15, 2007

Page 25 of 34

**Program #: 14.866 - Revitalization of Severely Distressed  
Public Housing**

**Line Item #:1104 - Prior Period Adjustments, Equity Transfers  
and Correction of Errors**

**Account Details** | [Back to Revenue & Expense](#)

LINE ITEM #	ACCOUNT DESCRIPTION	AMOUNT
<b>Prior Period Adjustments and Correction of Errors</b>		
1104-010	To w rite-off 1406 1408 and 1410 HC	\$ -5,486,966
1104-020		\$
1104-030		\$
1104-040		\$
1104-050		\$
1104-060	All Others	\$
<b>Total Prior Period Adjustments and Correction of Errors</b>		<b>\$ -5,486,966</b>
<b>Equity Transfers</b>		
1104-070		\$
1104-080		\$
1104-090		\$
1104-100		\$
1104-110		\$
1104-120	All Others	\$
<b>Total Equity Transfers</b>		<b>\$0</b>
<b>Total Prior Period Adjustments, Equity Transfers and Correction of Errors</b>		<b>\$ -5,486,966</b>
<div><input type="button" value="Save"/> <input type="button" value="Reset"/></div>		

**Summary:** Although the County denies that the deficiencies stated in the Notice constitutes a substantial default under the U.S. Housing Act of 1937, the federal regulations and the ACC, the County has taken steps to cure any deficiencies.



Violation

Per HUD:

**"3) Failure to Account for HOPE VI Expenditures in Violation of 24 CFR § 5.801**

Under 24 C.F.R. § 5.801, *Uniform Financial Reporting Standards*, MDHA is required to submit financial information to HUD annually that has been "prepared in accordance with Generally Accepted Accounting Principles as further defined by HUD in supplementary guidance."

MDHA did not maintain complete and accurate books of account for its Scott Homes, Carver Homes and Ward Towers HOPE VI redevelopment activities or prepare its financial statements in accordance with HUD requirements (i.e. GAAP). In both its fiscal year 2005 and 2006 financial statements, MDHA incorrectly reported "leasehold improvements" in its books of account; despite the fact MDHA did not lease any property in connection with its HOPE VI program. Specifically, by the end of fiscal year 2006, MDHA had improperly capitalized the cumulative total of \$20 million as "leasehold improvement."

Response:

The financial statements for 2005 and 2006 for the operations of MDHA's Scott Homes, Carver Homes and Ward Towers HOPE VI include permanent improvements reported on FDS line 165, leasehold improvements. Per HUD's definition from the Financial Data Schedule line Definitions and Crosswalk Guide, this line item may be used for permanent (non-detachable) improvements that add value to land and/or non-leased property.

**165 Leasehold improvements**

*Definition:* This FDS line represents permanent (non-detachable) improvements that add value to land and/or permanent improvements made to leased property accounted for as an operating lease on previously purchased land which were not made at the time of purchase to ready the land for its initially intended use. This FDS line may also be used for permanent (non-detachable) improvements that add value to land and/or non-leased property.

*Crosswalk:* This FDS line generally includes amounts in HUD accounts 1400.2 (Development/modernization cost) and 1400.4 (Land, structure, and equipment) and should be identified and separated from the land purchase costs. Leasehold improvements may be recorded in REAC suggested account 1400.10 (Leasehold improvements). Zero is an acceptable value.

The records below support compliance with the U.S. Housing Act, the regulations and the ACC:

Response and Appeal of Declarations of Default  
and Substantial Default Notices

May 15, 2007

Page 27 of 34

Exhibit A-1

DEPARTMENT OF HOUSING & URBAN DEVELOPMENT FINANCIAL MANAGEMENT CENTER 2345 GRAND BLVD., SUITE 1150 KANSAS CITY, MISSOURI 64108		
Summary of Voucher for Payment of Annual Contribution and Operating Statement Form HUD-52681		
Housing Authority Name & Address	Project Number	Fiscal Year Ended
Miami-Dade Housing Agency 1401 N.W. 7 <sup>th</sup> Street Miami, FL 33125	FL005VO 602-000	September 30, 2004
The following shows the amount of Annual Contributions, Total Partial Payment Approved, and the net amount of the settlement which represents to the overpayment due HUD or underpayment due your Authority:		
Total Annual Contributions Due-Line 34	\$113,556,483	
Total Partial Payments Approved by HUD-Line 35	109,336,661	
Underpayment Due PHA-Line 36	4,219,822	
Overpayment Due HUD-Line 37		
Remarks		
The amount of overpayment due HUD or underpayment due your Authority will be included/offset in your requisition payment(s) scheduled for <u>approx 4/4/05</u>		
<b>NOTE:</b> "Administrative Fee for 3 months of CY 2003 has been calculated on a rate times UML basis. CY 2004 Administrative Fees are being provided based upon the Established 2004 AF Floor, plus any additional provided for new units, and/or increased leasing."		
If you have any questions, please contact Debbie S. Love at (888) 404-3893 x6192.		

MSHA ACCOUNTING  
APR-7 PM 1:15

May 15, 2007  
Page 28 of 34

### Voucher for Payment of Annual Contributions and Operating Statement

U.S. Department of Housing  
and Urban Development  
Housing Assistance Payments Program

**NOTE: See instructions in appropriate program handbooks**  
**E. Public Housing Agency (PHAs and AHA's)**

OMB No. 2502-0348 (exp. 10/31/86)  
 Veraplex No. 4740 030 OMB

Member-State Housing Agency  
1401 N.W. 7th Street

Miami, Florida 33126

### 3. Flushing Program Type 1 (Stack and)

**1. New Contributions**

☐ 66 **Experimental Methods**
☐ 67 **Mathematical Methods**

### Existing Housing Conditions

2000, 2001, 2002, 2003, 2004, 2005, 2006, 2007, 2008, 2009, 2010, 2011, 2012, 2013, 2014, 2015, 2016, 2017, 2018, 2019, 2020, 2021, 2022, 2023, 2024, 2025, 2026, 2027, 2028, 2029, 2030, 2031, 2032, 2033, 2034, 2035, 2036, 2037, 2038, 2039, 2040, 2041, 2042, 2043, 2044, 2045, 2046, 2047, 2048, 2049, 2050, 2051, 2052, 2053, 2054, 2055, 2056, 2057, 2058, 2059, 2060, 2061, 2062, 2063, 2064, 2065, 2066, 2067, 2068, 2069, 2070, 2071, 2072, 2073, 2074, 2075, 2076, 2077, 2078, 2079, 2080, 2081, 2082, 2083, 2084, 2085, 2086, 2087, 2088, 2089, 2090, 2091, 2092, 2093, 2094, 2095, 2096, 2097, 2098, 2099, 2100, 2101, 2102, 2103, 2104, 2105, 2106, 2107, 2108, 2109, 2110, 2111, 2112, 2113, 2114, 2115, 2116, 2117, 2118, 2119, 2120, 2121, 2122, 2123, 2124, 2125, 2126, 2127, 2128, 2129, 2130, 2131, 2132, 2133, 2134, 2135, 2136, 2137, 2138, 2139, 2140, 2141, 2142, 2143, 2144, 2145, 2146, 2147, 2148, 2149, 2150, 2151, 2152, 2153, 2154, 2155, 2156, 2157, 2158, 2159, 2160, 2161, 2162, 2163, 2164, 2165, 2166, 2167, 2168, 2169, 2170, 2171, 2172, 2173, 2174, 2175, 2176, 2177, 2178, 2179, 2180, 2181, 2182, 2183, 2184, 2185, 2186, 2187, 2188, 2189, 2190, 2191, 2192, 2193, 2194, 2195, 2196, 2197, 2198, 2199, 2200, 2201, 2202, 2203, 2204, 2205, 2206, 2207, 2208, 2209, 2210, 2211, 2212, 2213, 2214, 2215, 2216, 2217, 2218, 2219, 2220, 2221, 2222, 2223, 2224, 2225, 2226, 2227, 2228, 2229, 2230, 2231, 2232, 2233, 2234, 2235, 2236, 2237, 2238, 2239, 2240, 2241, 2242, 2243, 2244, 2245, 2246, 2247, 2248, 2249, 2250, 2251, 2252, 2253, 2254, 2255, 2256, 2257, 2258, 2259, 2260, 2261, 2262, 2263, 2264, 2265, 2266, 2267, 2268, 2269, 2270, 2271, 2272, 2273, 2274, 2275, 2276, 2277, 2278, 2279, 2280, 2281, 2282, 2283, 2284, 2285, 2286, 2287, 2288, 2289, 2290, 2291, 2292, 2293, 2294, 2295, 2296, 2297, 2298, 2299, 2300, 2301, 2302, 2303, 2304, 2305, 2306, 2307, 2308, 2309, 2310, 2311, 2312, 2313, 2314, 2315, 2316, 2317, 2318, 2319, 2320, 2321, 2322, 2323, 2324, 2325, 2326, 2327, 2328, 2329, 2330, 2331, 2332, 2333, 2334, 2335, 2336, 2337, 2338, 2339, 2340, 2341, 2342, 2343, 2344, 2345, 2346, 2347, 2348, 2349, 2350, 2351, 2352, 2353, 2354, 2355, 2356, 2357, 2358, 2359, 2360, 2361, 2362, 2363, 2364, 2365, 2366, 2367, 2368, 2369, 2370, 2371, 2372, 2373, 2374, 2375, 2376, 2377, 2378, 2379, 2380, 2381, 2382, 2383, 2384, 2385, 2386, 2387, 2388, 2389, 2390, 2391, 2392, 2393, 2394, 2395, 2396, 2397, 2398, 2399, 2400, 2401, 2402, 2403, 2404, 2405, 2406, 2407, 2408, 2409, 2410, 2411, 2412, 2413, 2414, 2415, 2416, 2417, 2418, 2419, 2420, 2421, 2422, 2423, 2424, 2425, 2426, 2427, 2428, 2429, 2430, 2431, 2432, 2433, 2434, 2435, 2436, 2437, 2438, 2439, 2440, 2441, 2442, 2443, 2444, 2445, 2446, 2447, 2448, 2449, 2450, 2451, 2452, 2453, 2454, 2455, 2456, 2457, 2458, 2459, 2460, 2461, 2462, 2463, 2464, 2465, 2466, 2467, 2468, 2469, 2470, 2471, 2472, 2473, 2474, 2475, 2476, 2477, 2478, 2479, 2480, 2481, 2482, 2483, 2484, 2485, 2486, 2487, 2488, 2489, 2490, 2491, 2492, 2493, 2494, 2495, 2496, 2497, 2498, 2499, 2500, 2501, 2502, 2503, 2504, 2505, 2506, 2507, 2508, 2509, 2510, 2511, 2512, 2513, 2514, 2515, 2516, 2517, 2518, 2519, 2520, 2521, 2522, 2523, 2524, 2525, 2526, 2527, 2528, 2529, 2530, 2531, 2532, 2533, 2534, 2535, 2536, 2537, 2538, 2539, 2540, 2541, 2542, 2543, 2544, 2545, 2546, 2547, 2548, 2549, 2550, 2551, 2552, 2553, 2554, 2555, 2556, 2557, 2558, 2559, 2560, 2561, 2562, 2563, 2564, 2565, 2566, 2567, 2568, 2569, 2570, 2571, 2572, 2573, 2574, 2575, 2576, 2577, 2578, 2579, 2580, 2581, 2582, 2583, 2584, 2585, 2586, 2587, 2588, 2589, 2590, 2591, 2592, 2593, 2594, 2595, 2596, 2597, 2598, 2599, 2600, 2601, 2602, 2603, 2604, 2605, 2606, 2607, 2608, 2609, 2610, 2611, 2612, 2613, 2614, 2615, 2616, 2617, 2618, 2619, 2620, 2621, 2622, 2623, 2624, 2625, 2626, 2627, 2628, 2629, 2630, 2631, 2632, 2633, 2634, 2635, 2636, 2637, 2638, 2639, 2640, 2641, 2642, 2643, 2644, 2645, 2646, 2647, 2648, 2649, 2650, 2651, 2652, 2653, 2654, 2655, 2656, 2657, 2658, 2659, 2660, 2661, 2662, 2663, 2664, 2665, 2666, 2667, 2668, 2669, 2670, 2671, 2672, 2673, 2674, 2675, 2676, 2677, 2678, 2679, 2680, 2681, 26

13,704

13.7.

10

Request is hereby made for the payment of annual contributions pursuant to the terms and conditions of the above numbered Annual Contributions Contract for the project and fiscal year shown above.

### Part 1. Request for Payment

Maximum Annual Contributions Available	Approved Budget Expenses	Project Payments	Project Fee	THS Amount	HSD Approved Housing Voucher Claim	HSD Approved Total
(per AOC)	(a)	(b)	(c)	(d)	(e)	(f)
12 Maximum Annual Contributions Commitment	\$93,768,979.00	\$0.00	\$0.00	\$93,768,979.00		107,740,974
13 Project Maximum Annual Contributions Available to a Period in Excess of Twelve Months	\$10,546,983.00	\$0.00	\$0.00	\$10,546,983.00		0
14 Maximum Annual Contribution for Fiscal Year (Lines 12 and 13)	\$104,315,962.00	\$0.00	\$0.00	\$104,315,962.00		107,740,974
15 Contingency Reserve, Project Account to Subsidize for Fee Reserve						6,113,042
2025 Budgeted 23 Projects						
2027 Section 8 Projects	\$5,014,696.00	\$0.00	\$0.00	\$5,113,042.00		
2027.1 Housing Voucher Subsidy						
2727.2 Housing Voucher Fees						
16 Total Annual Contributions Available	\$105,330,661.00	\$0.00	\$0.00	\$110,429,004.00		113,854,016
Annual Contributions Required						
17 4715 Housing Assistance Payments	\$86,731,653.00	\$0.00		\$103,456,627.00		103,456,627
18 Security and Utility Deposit Fund (Section 23 Only)	\$0.00					
19 Ongoing Administrative Fees (Estimated)	\$10,546,083.00		\$2.00	\$10,891,273.00		10,069,775
20 Hand-to-Hand Fees Earned (Existing and Housing Voucher Only)	\$37,500.00		\$0.00	\$37,500.00		825
21 Actual Independent Public Accountant Audit Costs	\$20,525.00	\$0.00		\$20,525.00		83,525
22 Actual Contingency Administration and General Expenses	\$0.00		\$0.00	\$0.00		6,000
Provision Editors Ann Obsolete (31005V0)						

Page 1 of 4

MDHA ACCOUNTING

HUD 52681 (2-85)  
6021 ME 7420.7

HUD 52681 (2-85)  
6021 ME 7420.7

108



Response and Appeal of Declarations of Default  
and Substantial Default Notices

May 15, 2007

Page 29 of 34

Exhibit A-3

		Approved Budget Expenses	FY ending	FY ending	FY ending	FY ending	FY ending	FY ending	FY ending
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
23 Actual Preliminary Administrative and General Expenses Attributable to Carryover from FY ending:		\$0.00		\$0.00		\$0.00		\$0.00	
24 Actual Preliminary Non-Expendable Equipment Expense		\$0.00		\$0.00		\$0.00		\$0.00	
25 Actual Preliminary Non-Expendable Expenses Attributable to Carryover from FY ending:		\$0.00		\$0.00		\$0.00		\$0.00	
26 Total of Funds Required (Lines 17 through 22)		\$109,336,651.00		\$0.00		\$114,372,250.00		\$113,556,152	
27 Deficit at End of Preceding Fiscal Year				\$0.00		\$0.00			
28 Project Receipts Other Than Annual Contributions (3810, 3840, 7510 and Section 23 Security and Utility Deposits Required)				\$0.00		\$0.00			
29 Ongoing Administrative Fee				\$0.00		\$0.00			
30 Total Annual Contributions Required (Lines 26 plus 27 minus 28 minus 29, if applicable)				\$0.00		\$114,371,981.00		113,556,153	
31 Balance of Annual Contributions Available				\$0.00		\$0.00			
32 Deficit (Amount by which Line 30 exceeds Line 31)				\$0.00		(\$0.00)		297,533	
33 Provision for Project Account				\$0.00		\$0.00			
34 Increase (Amount by which Line 31 exceeds Line 32)				\$0.00		\$0.00			
35 Decrease (Amount by which Line 15 exceeds Line 31)				\$0.00		\$0.00			
Year End Statement									
36 Annual Contributions Due for Fiscal Year (Line 31 minus 32)				\$0.00		\$114,371,981.00		5815,509	
37 Total Annual Payments Approved by HUD for Fiscal Year				\$0.00		\$109,336,651.00		113,556,153	
38 Underpayment due FYA (Amount by which Line 34 exceeds Line 35)				\$0.00		\$5,035,320.00		101,336,661	
39 Overpayment due HUD (Amount by which Line 35 exceeds Line 34)				\$0.00		\$0.00		4,819,822	
Part II: Operating Receipts									
39 3200 Interest on Operating Reserves Investments				\$0.00		\$0.00			
40 3800 Other Income				\$0.00		\$0.00			
41 7500 Receipts from Non-Expendable Equipment not Returned				\$0.00		\$0.00			
42 Total Operating Receipts (Lines 39 through 41)				\$0.00		\$0.00			
43 Total Annual Contributions Required (Line 30)				\$0.00		\$114,371,981.00		113,556,153	
44 Total Receipts (Lines 42 and 43)				\$0.00		\$114,371,981.00		113,556,152	

MDHA ACCOUNTING

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Page 2 of 4



Response and Appeal of Declarations of Default  
and Substantial Default Notices

May 15, 2007

Page 31 of 34

Exhibit A-5

Part IV, Analysis of Operating Reserve		Per Approved Fund (14)	Per Approved Fund (15)	Part V, Analysis of Operating Reserve	Per Approved Fund (16)
77 Operating Reserve - Balance at Beginning of Fiscal Year Covered by This Statement 2824 Section 23 2826 Section 6 2025 1 Housing Voucher		\$837,145.00	837,145	Status of Contingency Reserve (Section 23 Projects Only) By 2025 Contingency Reserve - Balance at the End of Fiscal Year (Line 31 or 10% of Line 12, whichever is the lesser)	
78 Cash Withdrawals for Reserve During Fiscal Year		\$0.00		86 7025 Prior for Contingency Reserve a) Increases (Amount by which Line 87 Exceeds Line 13) b) Decreases (Amount by which Line 13 exceeds Line 87)	
79 Net Operating Reserve After Cash Withdrawals Line 77 minus Line 78		\$837,145.00	837,145	Status of Security and Utility Deposit Fund (Section 23 Projects Only) 89 2103 1 Security and Utility Deposit Funds Provided	
80 Net Operating Income (or Deduct) - Income Provided for Operating Reserve (Line 79)		(\$338,597.00)	1,353,270	90 2103 2 Security and Utility Deposit Funds (Unredeemable Advanced)	
81 Not Deduct Brought Forward From Preceding Fiscal Year (Line 89)		\$0.00		91 Balance of Security and Utility Deposit Fund (Line 89 minus Line 90)	
82 Total Income (or Deduct) (Line 80 minus Line 81)		(\$338,597.00)	1,353,270	92 1127 Accounts Receivable - Advances for Security and Utility Deposits	
83 Addition (The amount of income, if any, on Line 82)		(\$338,597.00)	0	93 Security and Utility Deposit Funds Available (Line 91 minus Line 92)	
84 Deduction (The amount of deficit, if any, on Line 82, but not to exceed the amount on Line 89)		\$0.00	1,353,270		
85 Operating Reserve - Balance at End of Fiscal Year Covered by This Statement (Line 79 plus Line 83 minus Line 84, as applicable)		\$298,548.00	616,125		
86 Deficit at End of Fiscal Year Covered by This Statement, if any (Line 82 minus Line 80)		(\$538,597.00)	0		

I Certify that (1) housing assistance payments have been or will be made only in accordance with Housing Assistance Payments Contracts or Housing Vouchers Contracts in the form prescribed by HUD and in accordance with HUD regulations and requirements; (2) units have been inspected by the PWA in accordance with HUD regulations and requirements; and (3) this voucher for annual contributions has been examined by me to the best of my knowledge and belief to be correct and complete.

Name of Public Housing Agency: Miami-Dade Housing Agency

Signature and Title of Authorized Official (and Date): *[Signature]* Director, 3/29/05

The Field Office has reviewed the Ongoing Administrative Expenses and the Supporting Documentation for the Preliminary Expenses. They are approved subject to audit verification.

Signature of the Director, Office of Public Housing and Date: *[Signature]* 3/29/05

Overseer/Assistant Director: *[Signature]* 3/29/05

Underpayment Certified for Payment to the PWA: *[Signature]* 3/29/05

Due Underpayment Certified: *[Signature]* 3/29/05

Page 4 of 4

MDHA ACCOUNTING 15 APR 1 11:11 PM

Response and Appeal of Declarations of Default  
and Substantial Default Notices

May 15, 2007

Page 32 of 34

Exhibit B

Public Fund Checking: State And Municipal

07 2696205659012 035 107 P 0 0 25,379

LA

Deposits and Other Credits *continued*

Date	Amount	Description
3/30	1,312.00	DEPOSIT
3/30	1,598.80	AUTOMATED CREDIT HUD TREAS 303 MISC PAY CO. ID. 3031036218 050330 CCD MISC 596000573860103
3/30	1,662.98	DEPOSIT
3/30	2,002.00	AUTOMATED CREDIT HUD TREAS 303 MISC PAY CO. ID. 3031036218 050330 CCD MISC 596000573860103
3/30	18,030.21	DEPOSIT
3/30	350,953.41	DEPOSIT
3/30	4,219,822.00	AUTOMATED CREDIT 86 TREAS 303 MISC PAY CO. ID. 3031036218 050330 CCD MISC 596000573860103
3/31	10.13	AUTOMATED CREDIT HUD TREAS 303 MISC PAY CO. ID. 3031036218 050331 CCD MISC 596000573860103
3/31	159.00	DEPOSIT
3/31	324.00	DEPOSIT
3/31	340.00	DEPOSIT
3/31	896.00	DEPOSIT

Response and Appeal of Declarations of Default  
and Substantial Default Notices

May 15, 2007

Page 33 of 34

Exhibit C

Page 1

Ojomo, Cassandra (MDHA)

---

From: Debbie\_S\_Love@hud.gov  
Sent: Friday, April 08, 2005 1:35 PM  
To: Vargas, Sonia M. (MDHA)  
Cc: Ojomo, Cassandra (MDHA); Topinka, John (MDHA); Brewster, Alphonso K. (MDHA); Perez, Rodolfo (MDHA); Flores, Damaris (MDHA); teresa\_j\_phillips@hud.gov; roxanne\_byers@hud.gov; andrew\_r\_miller@hud.gov  
Subject: FL005, Advance of Funds

Sonia,

Per our conversation you stated that your Housing Authority (HA) was now \$3,000,000 plus over expended. At this time you were requesting \$3,000,000 of the HA's Calendar Year (CY) funding to be advanced to the HA.

We discussed that it was imperative that your HA attrit in order to manage your program within the amount budgeted for the Calendar Year 2005. Notice PIH 2005-9, issued February 25, 2005, provides guidance on the administrative flexibility and actions the PHAs may take to reduce costs in the Housing Choice Voucher Program. Bulletin # 3 provides information on some of the permissible PHA cost savings actions.

Prior to setting up the advance I will require an email acknowledgment from you or an executive stating that Miami-Dade HA understands that the \$3,000,000 will reduce the 12/01/05 payment to \$6,348,054. Please be aware that this payment is not meant as additional funding for the CY 2005 it only an advance on the existing CY 2005 funding.

Please respond!  
Thank you!  
Debbie Love  
Financial Analyst  
HUD Financial Management Center  
2345 Grand Boulevard, Suite 1150  
Kansas City, MO 64108-2603

Debora\_S\_Love@hud.gov  
toll free: 1-888-404-3893, # 6192  
commercial: 816-426-6192  
Fax: 816-426-6153

4/14/2005

113

Response and Appeal of Declarations of Default  
and Substantial Default Notices

May 15, 2007

Page 34 of 34

Exhibit D

Page: 002 R=95% ID: FINANCES/HOMIN MAY-11-2007 16:19 Fax:

WACHOVIA 14 2696206699012 036 107 R 0 0 1,860

**Public Fund Checking: State And Municipal**

**Deposits and Other Credits** *continued*

Date	Amount	Description
4/13	6.00	CHECK REVERSAL CHECK NUMBER 00000843527 DATE POSTED 04/12/05 REASON: REFER TO MAKER
4/13	170.00	DEPOSIT
4/13	200.00	DEPOSIT
4/13	329.00	DEPOSIT
4/13	344.00	DEPOSIT
4/13	656.00	DEPOSIT
4/13	918.45	DEPOSIT
4/13	984.00	DEPOSIT
4/13	1,090.00	DEPOSIT
4/13	1,366.00	DEPOSIT
4/13	1,432.00	DEPOSIT
4/13	3,351.22	DEPOSIT
4/13	3,000,000.00	AUTOMATED CREDIT 89 TREAS 303 MISC PAY CO. ID. 3031036218 050413 CCD MISC 596000573960103
4/14	183.00	DEPOSIT
4/14	241.00	DEPOSIT
4/14	311.00	DEPOSIT
4/14	335.00	DEPOSIT
4/14	345.00	DEPOSIT
4/14	349.00	DEPOSIT
4/14	584.00	DEPOSIT
4/14	621.00	DEPOSIT
4/14	1,168.89	ACCT: 15350101 INCOME ON SECURITIES US TREASURY BILLS 4/14/05 CUSIP: 912795S1
4/14	1,211.00	DEPOSIT
4/14	1,520.33	ACCT: 15350101 INCOME ON SECURITIES US TREASURY BILLS 4/14/05 CUSIP: 912795S1
4/14	2,052.50	DEPOSIT
4/14	3,442.00	DEPOSIT
4/14	7,814.93	DEPOSIT
4/14	17,586.81	DEPOSIT
4/14	38,422.89	AUTOMATED CREDIT STATE OF FLORIDA MEDICAID CO. ID. 1380387840 050414 CCD MISC 676536000

*Deposits and Other Credits continued on next page.*

Based on this definition and the information provided herein, the County re-affirms that the books of account for the above redevelopment activities are complete and accurate.

Summary: The allegation is incorrect.



ADA Coordination

Agenda Coordination

Animal Services

Art in Public Places

Audit and Management Services

Aviation

Building

Building Code Compliance

Business Development

Capital Improvements

Citizens' Independent Transportation Trust

Commission on Ethics and Public Trust

Communications

Community Action Agency

Community & Economic Development

Community Relations

Consumer Services

Corrections & Rehabilitation

Cultural Affairs

Elections

Emergency Management

Employee Relations

Empowerment Trust

Enterprise Technology Services

Environmental Resources Management

Fair Employment Practices

Finance

Fire Rescue

General Services Administration

Historic Preservation

Homeless Trust

Housing Agency

Housing Finance Authority

Human Services

Independent Review Panel

International Trade Consortium

Juvenile Services

Medical Examiner

Metro-Miami Action Plan

Metropolitan Planning Organization

Park and Recreation

Planning and Zoning

Police

Procurement Management

Property Appraisal

Public Library System

Public Works

Safe Neighborhood Parks

Seaport

Solid Waste Management

Strategic Business Management

Team Metro

Transit

Force on Urban Economic Revitalization

Vizcaya Museum And Gardens

Water & Sewer

May 15, 2007

Mr. Orlando J. Cabrera

Assistant Secretary for Public and Indian Housing

U. S. Department of Housing and Urban Development

451 Seventh Street, S. W. Room 4100

Washington, DC 20410

Re: Supplemental Response to County's May 15, 2007 Response to Declaration of Default – Section 8 Consolidated Annual Contributions Contract and Declaration of Substantial Default – Public Housing Annual Contributions Contract

Dear Mr. Cabrera:

This letter serves as a supplement to Miami-Dade County's response, dated May 15, 2007, to the Declarations of Default – Section 8 Consolidated Annual Contributions Contract and Declaration of Substantial Default – Public Housing Annual Contributions Contract ("Notices"). The enclosure is the County's response to the Real Estate Assessment Center Report dated April 24, 2007.

In the event that the U.S. Department of Housing and Urban Development (HUD) amends its Notices based on any of the County's response to the Notices; attempts to include or incorporate any additional information, reports or audits conducted by HUD or its agents not specifically incorporated or referred in the Notices; or receives and relies upon new information as a basis for the Notices, the County hereby reserves its right to amend this supplemental response and the response to the Notices, which the County submitted to HUD on May 15th. The County also reserves the right to appeal any determination by HUD that the County is in default or in breach of the ACCs or applicable laws and regulations.

Sincerely,

George M. Burgess  
County Manager

c. Honorable Carlos Alvarez, Mayor  
Chairman Bruno A. Barreiro  
and Members, Board of County Commissioners  
Murray A. Greenberg, County Attorney  
Honorable Alphonso Jackson, Secretary, HUD  
Robert Couch, Acting General Counsel, HUD  
Michael Flynn, General Deputy General Counsel, HUD

*Delivering Excellence Every Day*

115

## **LIMITED SECTION 8 MANAGEMENT REVIEW OF MIAMI-DADE HOUSING AGENCY (MDHA) – RESPONSE TO REAC REPORT**

The following is the County's response to HUD's Limited Section 8 Management Review of MDHA:

### **Section 8 Program Management**

Response - Based on the tenant files that were pulled for review, we take exception to HUD indicating that they assessed "the effectiveness and efficiency of the Agency's day-to-day operation of their Housing Choice Voucher (HCV) Program," when, in fact, the files reviewed included Section 8 Moderate Rehabilitation files. Also, in HUD's audit, it is indicated that MDHA administers 12,900 units of HCV when in fact this is the number of units leased.

### **Background**

Response – Information regarding management is incorrect. HUD states the current director was in place for 3 months. In fact, the director was in place for well over a year. HUD further stated that the individual was formerly a Supervisor in Accounting; she was actually the former Assistant Director of Finance. The comments that are made addressing staffing on two Section 8 teams were made without qualifying such comment with staffing level data, such as data HUD collected for the Housing Choice Voucher Guidebook.

- **PHA Agency Plan (Annual) for Fiscal Year (FY) 2007-2008**

Response - We take no exception to these comments.

- **Administrative Plan**

Response - During HUD's visit, MDHA advised the auditors of our new Section 8 Administrative Plan and provided them a draft. HUD made recommendations, specifically, a new cover (copy attached) (exhibit E) (Note, however, this is not a regulatory requirement under 24 CFR 982.54.), definition sections, domestic violence section and new hierarchy for verification. We are adopting these changes and will submit them for approval. In addition, the following other changes are being made:

- Reference of administrative fee reserve will be in new Plan.
- Limited English Proficiency (LEP) policy is already in the current Plan (page 3), pursuant to Executive Order 13166. According to 1/22/07, Final Guidance, this is not a regulation, but a guide (see page 2837 of Federal Register). Further, the Plan was approved and submitted to HUD in 2006, prior to this guidance.
- The Violence Against Women Act (VAWA) notice was issued 12/27/06, also after approval of current Plan. There is no requirement in PIH Notice 2006-42 stating this must be included in the Plan; however, the new Plan will include VAWA.



- PIH notice 2005-16, regarding College Student Admissions, provides policy guidance, but does not require content to be included in the Plan. On page 3 of notice, #5, paragraph 3, it states, "if written in the PHA policies, PHA's may deny assistance...." The new Plan will include definition of independent students.

- **Program Offices**

Response – MDHA's program offices are located on Coral Way; the two buildings referenced are attached within the same block. The Applicant and Leasing Center (ALC) is responsible for the issuance of vouchers and is not involved in the on-going processing of Section 8 families, including lease-up. MDHA is looking for an office building to address the needs of its clients, to include access to public transportation including Metrorail, visitor parking, and adequate space needs for the varied functions. The building must also be affordable to the Agency. Most buildings we have located are either too expensive per square foot or are inconvenient for families to visit.

- **Section 8 Staffing**

- **New Markets and Applicant Leasing Center (approximately 43 positions).**

Response – New Markets was a function that was eliminated in 2006 and was a reference to the County's Infill program, which was transferred to another County agency. The ALC does not handle the Surtax Lottery. The actual number of positions in the ALC is approximately 25.

- **Private Rental Housing Services (approximately 115 positions).**

The staffing level indicated here is not accurate. The department currently is tracking at 91 filled positions. The document also makes reference to administering Certificates, which is somewhat curious since the program merged with the voucher program some years ago.

- **SEMAP Scoring**

Response - We acknowledge the SEMAP scoring area and the existing hurricane waiver. MDHA would like to acknowledge that as of fiscal year end 2006, we had an unofficial rating of 70, which is standard, shared by the local HUD field office.

- **Applicant and Leasing Center**

Response - It is difficult to address some of the issues here as it relates to the forms being obsolete. There are no issues suggesting that forms used in MDHA's files are obsolete.

It is also important to point out that facsimiles are an accepted form of third party verification. ***"Third party verification is defined as independent verification of income and/or expenses by contacting the individual income/expense source(s)"***

*supplied by the family. The verification documents must be supplied directly to the independent source by the PHA and returned directly to the PHA from the independent source."* This is taken directly from the HUD verification guidebook.

- **Waiting List**

Response - We take no exception to the comments in this area.

- **Section 8 Briefing Packet**

Response - We take no exception to the comments in this area.

- **Program Forms and Letters**

Response – MDHA's forms allow us to garner the appropriate verifications. We will consider the recommendations, but will focus on HUD required change first and foremost. The Private Rental staff began using the latest version of the HAP contract the third week of March, 2007.

- **Rent Reasonableness**

Response - We take no exception to the comments in this area.

- **HQS Inspections**

Response - The issues cited by HUD in this area are not supported. MDHA has not had an issue with paperwork having to travel no further than between the two connected buildings. Further, all inspections are logged in MDHA's computer system for staff access.

- **Payment Standards**

Response - As a point of clarification, MDHA's Section 8 Administrative Plan reflects that we can set the payment standard to 110 percent of Fair Market Rent. We have only one set of payment standards for each bedroom size. To be proactive, we have created a computer generated report in order to review the size of families on a regular basis to assure they are certified for the appropriate sized unit.

- **Annual Re-examinations**

Response - Note that late annual re-examinations are already being addressed by MDHA. It is not confirmed that the 85 percent non-timely annual certifications is accurate. Our records do not support this claim. Based on our records we may be 40 percent in arrears. We have identified late re-examinations and have begun working on this issue, which includes engaging an outside contractor to complete the back-log. This effort will continue over the next 90-120 days. It should also be noted that work plans put in place are feasible and will allow for adjustments.

Annual re-examinations are part of our SEMAP regulatory requirement in accordance with 24 CFR §985.3(j). We requested and received a waiver due to Hurricane Wilma. This waiver covers SEMAP, including the annual re-examinations requirement. As such, we have not defaulted, in light of the approval of the hurricane waiver. Regardless, we continue to complete and submit re-examinations. Our most recent review shows that we have approximately 5,200 in total that are past-due.

In addressing re-examinations going forward, MDHA has trained and tested staff to assure that the right team is in place. In the first test, 16 employees did not pass the exam. These 16 were offered the opportunity to retake the test. There are now only five employees who did not pass and they will no longer be responsible for re-examinations; we are hiring new staff to replace those that did not pass the certification exam.

There is no evidence that we have improperly expended dollars in the voucher program. As files are completed we are addressing all required adjustments so that the appropriate Housing Assistance Payments are made. This is consistent with HUD requirements as outlined in PIH 2005-7. Our last RIM review in 2006 supports this claim.

- **Computer Systems**

Response - The LIB software is older, but is fully functional. We are taking the opportunity to train staff on the functionality of the system as we prepare to upgrade to Emphasys Elite.

- **Tenant File Management**

Response - It is difficult to address this area without the actual names of the participants. We hope that HUD would provide this information so necessary corrections can be made. However, one of the errors was picking up an annual salary as opposed to an hourly rate. If the salary was third party verified there should be no issue how it was reported to the Agency.

- **Other Implemented Improvements**

Quality controls have been put in place to better manage the program. These controls are used as a means to review and document tenant information and to assess individual employee accuracy and competency:

- A Daily Work Plan was implemented in early February, 2007, that tracks the goal and resulting completed output of each team, its Team Manager and each Housing Specialist of re-examinations. The Plan rolls up to a weekly total so the number of files completed can be assessed for productivity and efficiency of work (see attached) (exhibit F).
- A Quality Control Check List Form identifying file documents and other contents required for the participant file has been updated and implemented. This form is placed in each file and is used by the housing specialist, Team Manager, and

quality control reviewer. The form, along with the Review Team Inventory Tracking Log (see attached) (exhibits G and H) is utilized for identifying areas of need for developing in-service training and for progressive discipline of employees.

- A Review Team Inventory Tracking Log was implemented and being used for monitoring all tenant transactions for quality control and accuracy, including re-examinations, rent adjustments, and leasing. The log includes an error report by specialist. The log is utilized for identifying areas for need for developing in-service training and at the same time can be used for progressive discipline of employees.
- Enterprise Income Verification (EIV) efforts have resulted in identifying participant families who are found to have discrepancies in reported income. When these are uncovered, the family is called in and any discrepancy over the annual \$4,800 threshold, pursuant to our Administrative Plan are referred to the HUD-OIG for further investigation and prosecution. In all cases of undeclared income, a demand is made of the family to make repayment. The effort is on-going.



## **MIAMI-DADE HOUSING AGENCY PRIVATE RENTAL HOUSING**

2153 Coral Way  
Miami, Florida 33145  
Telephone (305) 250-5236  
E-mail: [www.miamidade.gov/housing](http://www.miamidade.gov/housing)

### **Section 8 Administrative Plan**

*This material is available in accessible format upon request. Please call the ADA Coordinator at 305-644-5187 (telephone) or Florida Relay Service (800) 955-8771 (TDD/TTY).*



PRIVATE HOUSING  
DAILY WORK PLAN

February 05-10, 2007

TEAM 1 EMERALD		TOTALS			COMMENTS
RECERTIFICATIONS/FILE		Plan	Actual	Variance	
Team Manager	Teky				
Housing Spec.	Harve Moise	36			
Housing Spec.	Michelle Sauri	36			
Housing Spec.	Madeline Lopez	36			
Housing Spec.	Felix Mercedes	36			
Housing Spec.	Shirley Taylor	36			
Housing Spec.	Kris Santiago	36			
Housing Spec.	Rosa Pinella	36			
Housing Spec.	Karen Zelada	36			
Total Files Completed					
Per Day		288			
TEAM 2 DIAMOND		TOTALS			COMMENTS
RECERTIFICATIONS/FILE		Plan	Actual	Variance	
Team Manager	Olga				
Housing Spec.	Eli Carrera	36			
Housing Spec.	Maria Farnedes	36			
Housing Spec.	Arnette Hunter	36			
Housing Spec.	Patsy Bowers	36			
Housing Spec.	Reggie Canales	36			
Housing Spec.	Stephen Thomas	36			
Housing Spec.	Matosha Nance	36			
Housing Spec.	Mashanda Screen	36			
Total Files Completed					
Per Day		288	-	-288	
TEAM 3 RUBY		TOTALS			COMMENTS
RECERTIFICATIONS/FILE		Plan	Actual	Variance	
Team Manager	Aundrea				
Housing Specialist	Marie Martinez	36			
Housing Specialist	Pilar Marin	36			
Housing Specialist	Yolanda Guillen	36			
Housing Specialist	Velma Farley	36			
Housing Specialist	Emerson Guerrero	36			
Housing Specialist	Carline Mondelus	36			
Housing Specialist	Tangenika Hamm	36			
Housing Specialist	Carlos Garcia	36			
Total Files Completed					
Per Day		288	-	-288	
TEAM 4 SAPPHIRE		TOTALS			COMMENTS
RECERTIFICATIONS/FILE		Plan	Actual	Variance	
Team Manager	Kesha				
Housing Specialist	David Croissy	36			
Housing Specialist	Janet Paz	36			
Housing Specialist	Moraida Fermin	36			
Housing Specialist	Ester Zelada	36			
Housing Specialist	Caridad Sanchez	36			
Housing Specialist	Randy Slovall	36			
Housing Specialist	Evelyn James	36			
Housing Specialist	Joyce Anderson	36			
Total Files Completed					
Per Day		288	-	-288	
TEAM 4 PEARL		TOTALS			COMMENTS
RECERTIFICATIONS/FILE		Plan	Actual	Variance	
Team Manager	Margaret	-			
Mod Rehab HS	Stelavia Sacavia	-			
Mod Rehab HS	Elvis Tomlinson	-			
Mod Rehab HS	Rodgo Quijano	-			
Mod Rehab HS	Moralia Mariam	-			
Portables	Barbara Turner	-			
Portables	Louides Murr	-			
Total Files Completed					
Per Day		-	-	0	
TOTALS		TOTALS			COMMENTS
RECERTIFICATIONS/FILE		Plan	Actual	Variance	
Per Week		1,152	-	-1152	

MIAMI DADE HOUSING AGENCY

HOUSING CHOICE VOUCHER

QUALITY CONTROL CHECK LIST FORM

CLIENT NAME:		CLIENT NUMBER:			ACTION CODE:
Housing Specialist:	DATE COMPLETED BY HS:	Housing Specialist	Supervisor	Final Reviewer	EFFECTIVE DATE OF ACTION:
First panel		Y/N/NA	Y/N/NA	Y/N/NA	COMMENTS
1	Photograph Identification for all family members 18 and over	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
2	Social Security Card for all family members 6+ years old	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
3	Temporary guardianship, custody, or adoption updated	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
4	Birth Certificates-all family members / proof of familial status	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
5	Declaration of 214 status for all family members	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
6	Marital status documented/divorce decree if applicable	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
7	Copy of completed Family Voucher with correct voucher size per family's composition & MDHA Occupancy Standards.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
8	Criminal Background Checks, family members 18 and over	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
9	Original Application	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Second Panel					
11	HAP Contract executed by owner within 60 days of effective date & sign by agency (all 10 pages of contract on file)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
12	HAP Contract effective date on or after effective date of lease	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
13	HAP Contract rent equal to lease rent	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
14	Initial HAP Contract effective date on or after unit passes inspection	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
15	Complete and accurate lease (i.e. Utilities included, terms, LL & TNT signatures, etc.). Tenancy Addendum attached to lease (HUD form 52641-A)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
17	HQS inspection completed & unit pass	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
18	Unit failed inspection notice. Unit abated (if applicable)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
19	Accurate Utility Allowance worksheet (Should match unit size and type, RTA, Lease and HAP)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
20	Lead Base Paint Certification in file	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
21	Rent Reasonable completed and contract rent within limits	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
22	Request for Tenancy Approval in file and complete, as applicable.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Third Panel					
23	Privacy Act HUD form 9886 signed for all family members 18+ not to exceed 15 months	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
24	Notice to Family of Re-exam results with correct effective date (30 days prior to effective date if increase in rent)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
25	Income/Assets				
	a. Upfront Verification on file (UIV)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
	b. If discrepancy within UIV and family declaration proper third party verification was obtain	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
	c. If UIV N/A, proper third party verification obtained.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
	d. Accurate Asset Verification obtained	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
	e. Accurate Income Calculations	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
	f. Accurate Assets Calculations	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
26	Accurate Allowances/Deductions (see below):	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
	a. Dependent Allowance	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
	b. Childcare Verification	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
	c. Disability Assistance Allowance	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
	d. Medical Allowance	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
	e. Elderly/Disabled Household Deduction	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
27	Correct Payment Standard	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
28	Correct Total Tenant Payment (TTP)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
29	Application for the Housing Choice Voucher completely filled out and signed. No Unanswered Questions.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
30	File folder/content in proper order	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
31	FSS- Escrow Sheet with correct calculations	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
	FSS- 50058 Addendum completed	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

Housing Specialist \_\_\_\_\_ Initials \_\_\_\_\_ Date \_\_\_\_\_ Pass / Fail \_\_\_\_\_ Due Date \_\_\_\_\_

Supervisor Name \_\_\_\_\_ Initials \_\_\_\_\_ Date \_\_\_\_\_ Pass / Fail \_\_\_\_\_ / /

Final Reviewer Name \_\_\_\_\_ Initials \_\_\_\_\_ Date \_\_\_\_\_ Pass / Fail \_\_\_\_\_ / /

RE-EXAMS and C.O.D.  
MONTH JULY

REVIEW TEAM INVENTORY TRACKING LOG

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## LIMITED QUALITY ASSURANCE INSPECTION OF MIAMI-DADE HOUSING AGENCY'S (MDHA) PUBLIC HOUSING UNITS – RESPONSE TO REAC REPORT

The Real Estate Assessment Center (REAC) Quality Assurance team inspected five selected developments as a representative sample to determine the condition of MDHA's public housing stock.

- **Data Record System**

Response – The data records system was available and functioning at the time of the REAC inspector visits. The instance of the property manager checking manual records was simply that the property manager referred to a printed footprint of the development to identify units where construction had been completed. MDHA's system is able to identify occupied, vacant, and off-line or converted units. For units under construction or rehabilitation, property manager do need to consult a construction schedule.

- **Hurricane Damage**

The properties were inspected by FEMA, and Damage Assessments written for debris removal and property damage. Additionally, inspections were also conducted by HUD local field office staff to confirm MDHA's request for disaster assistance funding, which represented the amounts of hurricane damage not covered by the property insurance policy. MDHA received \$8.4 million from the HUD disaster fund for FY 2006. Additionally, MDHA contracted a third-party cost estimator to substantiate the damage and verify the amounts claimed, as required by HUD.

Response - Annie Coleman Gardens and Little River Terrace, which suffered hurricane damage to roofs and some occupied units, were taken off-line, and are under contract or pending repair by maintenance staff.

As stated above under Data Record System, MDHA attempted to provide accurate unit status to HUD of off-line units recently completed and pending final inspection.

MDHA disagrees that observed damage was not attributed by HUD as hurricane damage. The information on hurricane damage was provided to the QA inspection team and is summarized as follows:

Edison Courts: Hurricane damage included downed trees, up heaved sidewalks, damaged parking surfaces, broken or downed exterior lighting, and minor window damage.

Annie Coleman: Extensive roof damage, water damage to unit interiors requiring relocation of residents, damaged rainwear (gutters and downspouts), electrical service damage, broken or downed site lighting, up heaved sidewalks, broken curbs in parking areas.

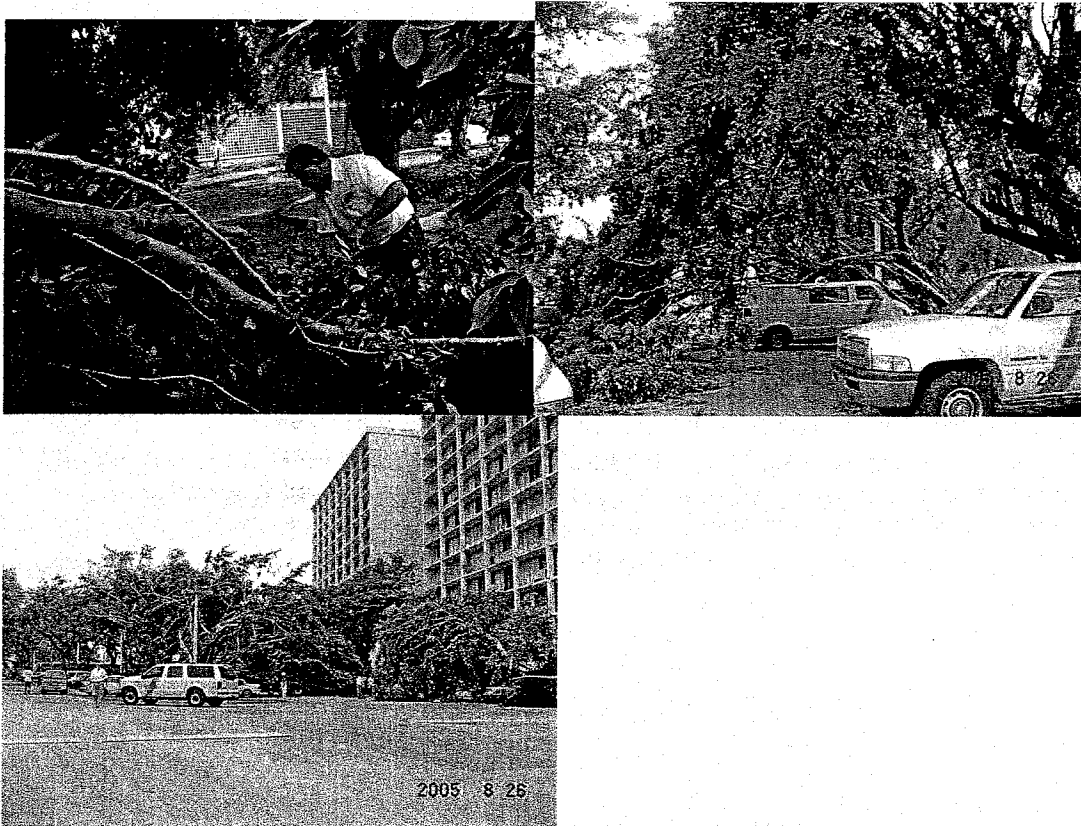
Little River Terrace: Extensive roof damage and unit interiors, damaged site lighting and building exterior lighting.

**Robert King High:** Broken window and door glazing, damaged elevator equipment, damaged concrete covered walkway structure, minor roofing damage, downed trees, damaged overhead electrical service and site lighting, and underground electrical feeders, damaged fencing and gates, damaged curbing, up heaved sidewalks in and around parking areas.

**Homestead Gardens:** Flooding of entire site, up heaved walkways, flooded interior of community building, roofing damage, damaged exterior lighting and downed trees.

The attached photographs document the damage.

### **Robert King High Tower**



# Homestead Gardens



At Robert King High, the ponding noted as level 3 was observed immediately following rains from run-off from the secondary field of the equipment room. The criteria for a roof area to be identified as showing signs of ponding is *"the accumulation of water in excess of 1/2" in depth that is not draining by the flow of water to the design runoff points after 12 hours of the last rain event."* The inspector did not follow the protocol for the determination of this item as rainwater was observed within the threshold time allowed for run-off.

At Annie Coleman Gardens, the QA inspector noted roof damage of cupping; however, the roof was newly installed architectural fiberglass asphalt shingle (*less than 4 weeks old*) and is the preferred shingle in its class with required County Product Approval for high wind velocity areas as defined by the Florida Building Code. (See attached photograph of roof shingles contained in Database Review).

Little River Terrace roof repair is typical of difficulty in Miami-Dade County in obtaining roofing contractors for minor roof work. Some roofs in the development were completely replaced but the buildings with minimal roof damage, i.e., shingles missing or damaged did not attract contractor bids for the amount of work required. These roofs are not leaking and we will address these conditions once leaky roofs in other developments are repaired.

At Homestead Gardens, the QA inspector noted deficiency in block egress windows. Full egress is allowed once the pins in the window are pulled, as designed by the product manufacturer. A series of photographs detail the ease of operation. Correction of the inspector's error will reduce the Health and Safety deductions by nine points and increase the inspectable area score respectively as noted below:

**Window Latching Devices:** Units 10,13,19,23,38,41,58,127,130,142 and 149

Note: Each unit resulted in a deductive value of .20 points

**Emergency Egress Errors:**

Building 1 – Unit 10, 13 and 19.

Building 2 – Unit 40. Building 3 – Unit 47.

Building 7 – Unit 123 and 127. Building 8 – Unit 142.

Note: Each unit resulted in a deductive value of 1.5 of a possible 1.8 points per unit.

This adjustment computed for the window and egress findings is as follows and will reduce the deductions from 20.5 to 6.3 and result in the Overall score of 67c:

Deductions

Egress	$8 \times 1.5 = 12$
Windows	$11 \times 0.2 = \underline{2.2}$
Total	14.2 points

- **Modernization Work**

Response – We disagree that the contract scope provided to HUD did not include work on observed deficiencies.



## MIAMI-DADE COUNTY, FLORIDA

May 16, 2007

Robert M. Couch  
Acting General Counsel  
U.S. Department of Housing and Urban Development  
Office of General Counsel  
Washington, DC 20410-0500

Dear Mr. Couch:

We are in receipt of your letter dated May 14, 2007. The purpose of this letter is to clarify its inaccuracies.

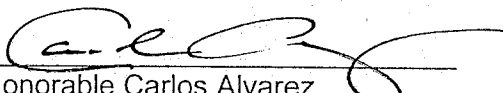
First, your letter states, "Miami-Dade has now apparently chosen not to continue the negotiations." This is incorrect. The County, as always, is negotiating in good faith with the U.S. Department of Housing and Urban Development (U.S. HUD) and seeks an amicable resolution to the present issues.

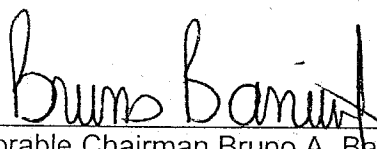
Second, your letter states, "HUD received an e-mail from the Deputy County Manager stating that Miami-Dade simply would not meet the agreed upon deadline." This is not accurate. May 11, 2007 was not a deadline, but rather a date by which U.S. HUD requested the County communicate its position as to the issue of management control. Further, Senior Advisor to the County Manager Cynthia W. Curry informed U.S. HUD via e-mail sent on May 11, 2007 that the County was still in discussions concerning the issue of management control.

To be sure, the County has not missed any deadlines. Indeed, the only deadline in effect is the May 16, 2007 deadline to respond to U.S. HUD's default notices. The County has already met that deadline as the County's response was emailed to U.S. HUD on May 15, 2007.

The County welcomes further discussions with U.S. HUD in hopes of resolving these issues.

Sincerely,

  
Honorable Carlos Alvarez  
Mayor

  
Honorable Chairman Bruno A. Barreiro  
Board of County Commissioners

cc: Honorable Vice-Chair Barbara J. Jordan  
and Members, Board of County Commissioners  
George M. Burgess, County Manager  
Murray A. Greenberg, County Attorney  
Michael Flynn, General Deputy General Counsel, U.S. HUD  
John Herold, Esq., U.S. HUD